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CIS: Election Results Won't Affect Integration

964F2740A Moscow NEZAVISIMAYA GAZETA in Russian 28 Jun 96 p 2

[Article by Konstantin Katanyan: "It Is Not Important Who Wins the Elections in Russia"]

[FBIS Translated Text] **The tendency toward the convergence of CIS countries will continue, because they cannot live without one another.**

Chairman Oleg Bogomolov of the Kurgan Oblast Duma, the head of the Federation Council's Committee on CIS Affairs, discussed new tendencies in the integration of the CIS countries at a press conference yesterday.

Observing that the members of some political parties still feel nostaigic for the old days and do not realize that the "actual recreation of the USSR would be impossible," Bogomolov said that treaties were the new basis of the Commonwealth, particularly the Russian-Belarusian bilateral treaty and the Russian-Belarusian-Kazakhstani-Kyrgyz quadrilateral treaty. The customs union that was formed within the framework of the second treaty, for example, has already solved many economic and social problems in the adjoining territories of different states. Now it is the turn of problems in migration and reciprocal payments, which should also "be solved within the framework of the bilateral and quadrilateral treaties."

More intense integration will now be the job of the interparliamentary committees of the two states and four states listed above in addition to the Interparliamentary Assembly (MPA) of the CIS. Furthermore, Bogomolov stressed, whereas the MPA will issue only framework documents in the nature of recommendations, "the decisions of the parliamentary associations of the two and four countries will be binding." The first of these two interparliamentary bodies has not even begun its work yet, however, and the second held its first meeting in Smolensk just this week.

Bogomolov specifically mentioned the role of Ukraine in the CIS, saying that it could be "more substantial," but that this would require representatives of the Supreme Rada to participate in the work of the MPA "not as observers, but as active members." The adoption of the Constitution of Ukraine, the present draft of which has "provisions that are unacceptable to the Russian side," could, in Bogomolov's opinion, have a negative effect on Russia's relations with Ukraine. In particular, this applies to the idea of liquidating all foreign military bases on Ukrainian territory.

At the request of the NEZAVISIMAYA GAZETA correspondent, Bogomolov commented on the debates at the last meeting of the Parliamentary Assembly of the Council of Europe. Members of parliament from several states criticized leaders of the CIS countries at that meeting, saying that their support of Boris Yeltsin in the presidential campaign was interference in Russia's internal affairs. Bogomolov called the actions of the leaders of the Commonwealth countries a "routine campaign performance" and stipulated that this was not so much a matter of interference in the affairs of the Russian Federation as of pressure on the voters, especially the citizens of Russia living within the territory of the CIS countries. There are probably much stronger grounds for concern in the violations of election laws within Russia—violations committed not by foreigners, but by the Russians themselves.

Bogomolov did not agree, however, with the statements of the leaders of some CIS countries, particularly Armenian President Levon Ter-Petrosyan's comment that if Gennadiy Zyuganov wins the race, the CIS will have to live without Russia, if it continues to exist at all. Appealing to everyone to renounce the common practices of the communist past, when the search for enemies was the norm, the chairman of the committee stated that "the course of history cannot be reversed" and that no one can renounce the accomplishments of recent years.

"All of us naively believed that we could not experience the good life until after the breakup of the USSR; we were happy when the union collapsed; then we suffered some setbacks, looked around, and realized that we cannot live without one another," Bogomolov said. "No matter who wins—Yeltsin or Zyuganov—the tendency toward convergence cannot be stopped now."

Many people probably wanted to argue with that last remark, but it is unlikely that anyone believes that the CIS can exist without Russia. In this case, judging by all indications, Bogomolov is absolutely right.

CIS: Policy on Russians Abroad, in CIS Viewed

964F2740B Moscow NEZAVISIMAYA GAZETA in Russian 28 Jun 96 p 3

[Article by Vadim Vitalyevich Kisin, RF deputy minister for cooperation with CIS states: "Our Fellow Countrymen Will Not Be Ignored; Democratic Russia Will Continue To Offer Them Comprehensive Support"]

[FBIS Translated Text] One of the main issues for the young Russian state was its policy on fellow countrymen who were suddenly living abroad as a result of the breakup of the Soviet Union. In 1991 there were around 25 million of them. According to the Federal Migration Service, today around 22 million of our fellow countrymen are living in the CIS, and they

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are still facing some difficult problems, in spite of all the work Russia has done in support of them.

One of the reasons for the complexity of the issue of our fellow countrymen is the absence of an unequivocal definition of the term "countryman" corresponding to common legal standards. The principle of citizenship does not apply, because most of our fellow countrymen do not have Russian citizenship for various reasons. Nationality, culture, and language are not suitable principles for this definition either, if only because nationality implies citizenship in world practice. Any citizen of Great Britain who has to respond to an official question about his nationality will reply that he is British, regardless of whether he is of English, Scottish, or Welsh origin. The British would never think that they are being asked about strictly personal matters—about their birthplace, or about the language their ancestors spoke. From this standpoint, our fellow countrymen who live in, for instance, Uzbekistan are ethnic Russians who belong to the "Uzbekistani nationality" by citizenship or are stateless individuals.

Today, in spite of the terminological complexity of the issue, the overwhelming majority of Russians use the term fellow countrymen to refer to virtually all inhabitants of the CIS with a historically established, moral right to expect help and support from Russia as the successor-in-interest to the USSR.

What are the reasons for the critical nature of the issue of our countrymen in general? What are the factors of discrimination that make Russia's interest in the plight of our fellow countrymen necessary and unavoidable? Obviously, it is not nationalism in its most common and pervasive form, the familiar form which could be described as interpersonal nationalism. It is certainly unpleasant and is almost ineradicable on the global scale. It is always present wherever different races and cultures have to coexist within a single territory. The main factor of discrimination, however, is official state nationalism, which takes the form of the legally secured political and economic inequality of people on the grounds of ethnic, religious, or cultural differences.

We can look at the Baltic countries as an example of the present state of affairs. Many of our fellow countrymen were living in Lithuania in 1991, but less than 5 percent left Lithuania between 1991 and 1995, whereas more than 10 percent of them left Estonia and 20 percent left Latvia in those same years. Our government has received the highest number of complaints and appeals for help and support from Russians in Estonia. There is an objective reason for this: Estonia has pursued the most inflexible policy of state nationalism within its territory. The Estonian Republic's "Law on Citizenship" could easily be called the "law on the denial of citizenship" on ethnic grounds. Our fellow countrymen who are permanent residents of this European state have been declared occupants and, as such, have been divested of many political rights and also of many economic rights, which is particularly painful for the common man. They have virtually no employment opportunities, and those who do have jobs are the first to lose them following changes in circumstances, irrespective of their qualifications. The problem is compounded by the fact that most of the Russians had close ties to large industrial facilities that were built during the Soviet era for the needs of the whole USSR, and these enterprises were the first to suffer from the breakup of the unified state and the subsequent crisis. Under these conditions, application for Russian citizenship is, on the one hand, the only way of defining personal status and, on the other, an additional risk factor.

Other approaches are possible, however. Neighboring states have had their own problems with our fellow countrymen. Lithuania solved the problem of citizenship in this way: Anyone living there prior to the date of its separation was entitled to citizenship, and this did much to alleviate the severity of some of the problems with our fellow countrymen. Furthermore, Lithuania is more likely to strive for the civilized integration of the Russian-speaking community, instead of its alienation, in other respects as well.

I have a few more words to say about Estonia's position. There are two, mutually exclusive, basic principles of social organization. According to the first, the rights and interests of each individual supersede the interests of the society as a whole and any part of it (a separate ethnic group, class, or religion). The democratic society is built on this principle. Russia, which is now experiencing hard times along with all of its neighbors, has made a final choice in favor of this principle. The fear that the state will sacrifice the interests of citizens for the sake of some venture appealing to the establishment is already disappearing. According to the second principle, the interests of the society or some part of the society can be higher than the interests of any individual. The Soviet Union was based on this principle. There are no intermediate forms. It is either one or the other. Estonia, by placing the interests of the Estonian ethnic group above the basic rights of the individual, is categorically displaying the spiritual legacy it inherited from the USSR. What is the value of its assurances of adherence to democracy in light of this?

Of course, the Baltic countries do not cover the whole range of problems. There are other factors that are making the life of our fellow countrymen incredibly

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difficult in several CIS countries. In Tajikistan, for example, there is the internal armed conflict that is having a particularly adverse effect on the least cohesive social groups. Around half of our fellow countrymen have left Tajikistan. More than 60 percent left Armenia because of the cold and hunger following the blockade, in spite of the absence of state-sanctioned oppression, and the rest of our countrymen there are primarily members of rural Molokan communities and people with family ties to Armenians.

For the sake of objectivity, we have to admit that "foreign countrymen" are having similar problems in Russia. We cannot take pride in our treatment of the "foreigners." I know about this from personal experience because I once spent several hours in a cell full of "individuals of the Caucasian nationality" in 1994. Here is how it happened. I have dark hair, I was dressed casually, and I had left my identification papers at home. There was a round-up. I probably do not have to go on with this explanation. From my conversations with my comrades in misfortune, I learned that no one was nervous. Everyone knew that nothing terrible would happen. They would all be allowed to go home and—what is most important—they would be alive and healthy when they left. I think life for a foreigner in Russia today is much simpler and safer than the life of our fellow countrymen in some of the CIS countries.

I could cite Belarus as an absolutely positive example, because our fellow countrymen have virtually no problems there.

The fundamental documents defining the present guidelines of work with our fellow countrymen abroad were signed in 1994 and 1995. These are the RF Presidential Edict "On the Fundamental Guidelines of the State Policy of the Russian Federation Toward Fellow Countrymen Living Abroad," the RF Government Decree "On Measures for the Support of Fellow Countrymen Abroad," and the "Strategy of the Russian Federation's Relations with CIS States," approved by an RF presidential edict. Most of the work of implementing Russian policy toward the fellow countrymen is the responsibility of the Ministry of Foreign Affairs, the Ministry for Cooperation with CIS States, and the Ministry of Nationalities Affairs and Regional Policy. Negotiations with CIS countries are still in progress, and international agreements on human rights and citizenship and documents guaranteeing the satisfaction of some of the vital needs of a national group separated by borders are being signed. The latest of these was the agreement with Kyrgyzia. The Fund for the Support of Fellow Countrymen was established to offer practical assistance. There is a CIS agreement on a fund to aid refugees and displaced persons, and six states have already signed this agreement. There is a government commission on the affairs of fellow countrymen abroad, chaired by Vice-Premier Aleksey Bolshakov.

The main purpose of this work is to guarantee our fellow countrymen the opportunity to work and to support their families on the money they earn. We have high hopes for the Russian businessmen with an eye on the enterprises in the CIS countries that were once the main employers of our fellow countrymen. The acquisition of these enterprises, the restoration of their stable operations, and the inclusion of the enterprises in effective division of labor for the markets of the CIS will help many disenfranchised individuals breathe more freely. The creation of powerful transnational financial-industrial groups in the CIS will also have a positive effect on the future of our fellow countrymen. These groups are just taking their first steps today in Russia, Kazakhstan, Belarus, and Ukraine.

In particularly urgent and tragic cases, assistance may be granted, and usually is granted, on the local level, without the need for any appeals to Russia. Russian embassies are authorized to offer emergency aid from their funds. An individual in dire straits is not left to the mercy of fate.

The problem of language and education is a separate matter. Measures are being taken to guarantee our fellow countrymen access to education in the Russian language locally and in Russia, and to supply students with Russian textbooks. The main accomplishment is the article of the Russian-Belarusian Treaty that allows all of the inhabitants of both countries equal access to academic institutions in Russia and in Belarus. Considerable efforts were made to increase the air time of Russian-language television and radio programs and to guarantee the availability of Russian newspapers and magazines. A great deal of persistent effort still lies ahead in this area, particularly a struggle to surmount the resistance of some states.

It is in our own interest to guarantee our fellow countrymen and all other inhabitants of the CIS unimpeded access to the Russian language, culture, and education. If Russia, in spite of its objective capabilities, ceases to play the role of the personnel training camp for the CIS countries—and this tendency has already been observed in some places—it will be an extremely painful loss for them and for Russia itself.

There is only one important factor preventing decisive reversals in the status of our fellow countrymen, but this one factor is, unfortunately, of paramount significance. Russia cannot be described as a thriving economic and financial center today. Obviously, money from the

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dwindling federal budget is allocated for the needs of our fellow countrymen, but there should be more!

Some of our fellow countrymen abroad are citizens of Russia and are therefore entitled to vote in Russian elections. It is important for the Russian Government to guarantee the unimpeded exercise of this right in their country of residence. In principle, the Geneva Convention regulates this matter quite strictly. According to the convention, the right to vote can be exercised only on the grounds of diplomatic agencies of the country holding the elections in foreign countries. In the presence of goodwill, however, it is possible to depart from these rigid limits, and many countries allowed Russia to open additional election precincts on their territory in the last elections.

The current situation in the Baltic countries is interesting. Latvia and Estonia, in spite of numerous requests for polling places in locations densely populated by Russian citizens, insisted on strict adherence to the Geneva Convention. Any possible concessions were conditional upon the submission of complete lists of all of the citizens of Russia in their countries, but this was opposed vehemently by the citizens themselves. Lithuania took a much more understanding position by authorizing the establishment of a polling place in Visaginas.

The problem of government support for our fellow countrymen will not be any less urgent after the presidential elections in Russia. Every effort, all political resources, and all available economic resources must be committed to its resolution. I have a few words to say about the alternative. We can only imagine the changes in Russian policy if Russia were to give up its democratic aims as a result of the elections. This scenario, however, probably would not benefit our fellow countrymen at all. The pre-war experience of the "Volksdeutsche" proved that the fifth column plays a thankless role. Like any other cannon fodder, it suffers the greatest losses, sacrificing itself for the sake of unrealistic great-power goals.

CIS: Foreign Policy Toward Central Asia Assessed

964F2921A Moscow NEZAVISIMAYA GAZETA in Russian 12 Jul 96 p 4

[Article by Vyacheslav Belokrenitskiy, doctor of historical sciences, RAN [Russian Academy of Sciences] Institute of Eastern Studies: "Chess Moves of Foreign Powers; Stages of Brief History and Current Policy of Russia"]

[FBIS Translated Text] Although very little time has passed since the moment of formation of the independent states of Central Asia—Kazakhstan and the countries of Central Asia—several stages may be defined in the history of their mutual relations with the outside world. The initial and shortest one encompasses the second half of 1991 and the first half of 1992. Like the subsequent ones, they were defined to the greatest degree by the status of the region's relations with Russia. And the latter at that period was primarily engaged in seeking its new place in the global context of world politics and therefore could not, and in part did not want to, devote much attention to contacts with the states of Asia which had detached themselves. For their part, the young Central Asian states were also engaged in the same thing, and for them, the act of distancing themselves from Moscow became the necessary payment for sovereignty.

The second stage encompasses the second half of 1992 and all of 1993. If we liken the presence of Russia in the region to a pendulum, then at that moment it seemed to stop, having reached its marginal point. The fluctuations in Moscow's policy in regard to the republics of CA [Central Asia] and associated with their domestic political conditions, their displacement from the ruble (economic) zone with retention in its security zone are also memorable.

The third and current stage began after the December (1993) elections in Russia. The pendulum swung in the opposite direction in regard to the region, and this coincided with a broader "change of landmarks"—the "romantic" foreign policy gradually gave way to the "realistic." At the same time, the foreign policy course of the CA states also immediately underwent a metamorphosis. The euphoria of the first years of independence was replaced by cold sober calculations. Russia, which leads in its rate of changes and which retains considerable domestic stability, occupies first place in them.

It is curious that the listed stages correlate well with the dynamics of foreign political processes and foreign political activity of other regional forces which are external to Central Asia, such as Turkey and Iran, for example. The economic development of Turkey in the early 90's was distinguished by great stability. Having a rather strong home front, in 1992 it actively embarked upon the path of regulating political, economic and cultural relations with the states of Central Asia, where most of the so-called titular population spoke languages of the Turkic group. In October of that same year, the first meeting of heads of Turkic states was held in Ankara. These included, aside from the organizing country and the four Central Asian states with the exception of Tajikistan, also Azerbaijan.

Thus, when the positions of Russia began to weaken, Turkey's participation in the affairs of the region ex-

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panded. It was specifically then that it promised to allocate to the young Turkic-speaking countries aid in the sum of around $2 billion, granting it over half a billion dollars already in the Summer of 1992. During that period, plans for construction of oil and gas pipelines intended for transport of Central Asian natural resources through Turkey to Europe were intensively discussed. In 1992-1993, contacts were established between Central Asia and Turkey in the sphere of education, including military training, and also in the sphere of telecommunications, specifically in regard to unification of the telephone network. Cultural cooperation on the basis of the similarity of languages, of which the kurlutays [conferences] organized by Turkey have become a symbol, encompassed not only the six independent Turkic-language states, but also the Turkic autonomies and oblasts of the RF [Russian Federation].

The first blow to the plans of proponents of strengthening Turkish presence in Central Asia became the untimely death of the main architect of this direction in Turkish foreign policy, President Turgut Ozal, in April of 1993. The discussion about what constitutes the main direction for Turkey—entering the European Union or assuming the specific role of a "bridge" connecting Europe with the Near East and Central Asia—developed with new force. The pendulum of "Turkey-Central Asia" relations stopped in 1993 in the extreme position.

The success of the Islamic Party of Prosperity in the elections held at the end of last year emphasized the obvious schism in Turkish society. The danger of Turkey's turning "to face the east" evidently helped the European community to adopt the decision on its inclusion in the European Customs Union as of the beginning of this year. Turkey's interest in Central Asia was undoubtedly retained, and relations continued to develop in 1993-1996. However, as we believe, its chief foreign policy priorities at this point in time have once again been shifted to Western Europe and the Arab Near East.

In the Islamic Republic of Iran, as in Turkey, a tangible uplift of the economy was observed in the early 90's. The end of the eight-year war with Iraq and the policy of liberalization implemented after the death of Imaam Khomeini by the Khashemi-Rafsandzhani government were the two main reasons for the economic success. In 1991 and 1992, the rate of growth of the national income in Iran exceeded 11 percent per year, which created a favorable domestic political background. It is therefore not surprising that Iran at the first stage after formation of the independent states of Central Asia rather decisively included itself in the process of establishing contacts in a geopolitical direction which was new to it. At the same time, practically its chief goal during this period was the continued displacement of Russia. In Teheran, by inertia they continued to view it as the main regional rival, and interpreted the events in Tajikistan and all of Central Asia specifically in this vein.

In subsequent years, the growth of the Iranian economy slowed down. Iran's emergence on the market in international loan capital and increased import in combination with its hostile-cautious policy toward the United States played a cruel joke on it. Already at the end of 1993, the country's foreign debt reached $37 billion, and by March of 1995 it had grown to $43 billion. At the same time, the main portion of the debt was comprised of short-term loans. The shortage of funds for servicing this debt placed the Iranian leadership in a difficult position. To ask the West for a postponement was a hard blow to its self-respect. In implementing the policy of "dual containment"—of Iran and Iraq—Washington, at the same time, achieved significant shifts from Teheran, and not simply cosmetic reforms, thereby forcing it to seek a counter-game.

Russia gradually stopped being viewed as a rival in Teheran. It was moved to the ranks of potential allies, and actively courted in attempts to "tear it away" from forming a block with the USA in world and regional matters. These efforts especially intensified as of 1995, after Iran's recognition of the fact of improvement of the economic and political situation in Russia and its partial return to the regions of the Caucasus and Central Asia.

Expressing interest in the affairs of Central Asia, Iran focused new attention on Tajikistan. First of all, as a result of its historical-cultural and linguistic proximity to this republic, and secondly—because the situation in that country from the very beginning, already in 1992, had become highly explosive and led to a bloody civil war. Iran, which officially did not intervene in the affairs of Tajikistan, on an informal level actively supported the Islamic opposition. The lack of success of the Islamists in intra-Tajik armed clashes, their defeat and departure of part of the opposition forces to Afghanistan forced Iran to change its tactics. Its transition to a more restrained policy, aimed at achieving regulation in Tajikistan by means of negotiations between the conflicting parties, corresponded to the new stage of relations with Moscow.

If we take a broader circle of regional forces external to Central Asia, we may see definite dynamics in their policy, which correspond in general and on the whole with the stages which we have discussed above.

For example, Saudi Arabia, which has traditionally acted as the rich partner of the countries of Sunnite Islam, at the first stage after creation of the independent

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states in Central Asia, promised them multilateral aid. However later, having become convinced of the inadequate preparation of the political soil for reception of the Islamic values close to him, Er-Riyad preferred to reduce the amounts of direct presence in the region, materially strengthening the economic projects of a number of other Muslim states and engaging in support of religious-enlightenment activity.

India is separated from Central Asia by the territory of Pakistan. After the first surge of interest in the new region, it faded into the shadows, concerned primarily only about not letting Pakistan play its anti-Indian card there.

In the PRC [People's Republic of China], the formation of independent states in Central Asia was most likely perceived with concern. The northwestern corner of China, with its Muslim and Turkic population which is in many ways related to the Central Asian, was already causing unpleasantness for Beijing by its upsurge of Islamic and nationalist sentiments. And with the appearance of the contagious example on the other side of the border, threatened their intensification. At the same time, the departure of Russia promised China considerable benefits in the plane of economic presence and expansion of the zone of its influence in the center of Eurasia. But on the whole the PRC leadership preferred a cautious policy in the Central Asian direction, striving first and foremost not to "stir up the ant hill."

Western Europe—the members of the EC [European Union] act more persistently and confidently in the region, both on an inter-state and on a private corporate level. The same may be said also about the U.S. Moreover, its role often remains outside the framework. Western activity is easily explained by the rather favorable economic and political situation during the entire first half of the 90's. The same reason, in all probability, determines also the unexpectedly high degree of participation of capital from the Republic of Korea and certain countries of Southeast Asia in the economic development of Central Asia.

For the Central Asian states themselves, the foreign situation in the past period has not been especially favorable on the whole. Their hopes were justified in some measure only in the European-American direction. Such regional partners as Turkey and Iran at first promised more than they could or wanted to deliver. The disappointment was great in China, we must assume, and was mixed with a sense of relief about the fact that the demands of the PRC to the young states in the region were far from excessive.

As for relations with Russia, the policy of the latter remains currently and potentially the main external force in Central Asia. However, we must agree with the opinion of those who believe that it lacks decisiveness and independence (article of S. Bagdasarov in NEZAVISIMAYA GAZETA dated 15 May 1996). Then again, there is reason to believe that these properties will not always remain inherent to the Russian course.

The notions according to which the countries of the specific "Muslim belt" do not deserve particular attention have direct relation to Russia's policy in the Central Asian direction. Russia will be acting prudently if it finally focuses on strengthening and expanding the foundation of its interaction with the group of states which adjoin our immediate neighbors from the other side.

This is expedient from an economic standpoint, since our country could participate—moreover, in individual cases it already participates—in the projects of the century, whose implementation has begun or is being planned on the huge continental expanses of Asia or Eurasia. And from a geopolitical standpoint, Russia's support of joint projects of the Central Asian states and the countries of Western Asia with broad participation of international capital will prove most fruitful.

CIS: Migration Rate Rise From Central Asia Predicted

964F2921B Moscow NEZAVISIMAYA GAZETA in Russian 11 Jul 96 p 3

[Galina Vitkovskaya, senior scientific associate of the RAN [Russian Academy of Sciences] Predictions Institute: "Migrants Yearning To Come to Russia; Stream of Refugees Awaits Us in the Next Five Years"]

[FBIS Translated Text] Specialists believe that the greatest stream of migrants to Russia is now expected from the countries of Central Asia. There are several reasons for this: Among them are the large number of Russians (around 8 million), as well as other Russian and Slavic ethnic groups; the long—and for many insurmountable—ethno-cultural distance between these groups and the native population; the ethnic principle as the basis for building new states and the appropriate ethnic policy, as well as economic propensities. One of the reasons for these is the mass migration itself and the loss of skilled cadres. And finally, there is the threat of destabilization, associated primarily with the situation in Tajikistan. Generally, the same political factors, multiplied by instability and armed clashes, will determine the migration situation in the Caucasus region. However, there are much fewer ethnic Russians left there than in Central Asia. And not many intend to come from the European countries of the former Union.

Recent studies of the migration behavior of the nonnative population performed in 1994-1995 with finan-

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cial support of the Makartury Fund and the FMS RF [Federal Migration Service of the Russian Federation] specifically in the Central Asian countries—Kazakhstan, Uzbekistan and Kyrgyzstan, where 1,075 families were surveyed (over 5,200 persons) as well as 30 experts, indicated the following tendencies.

First of all, an increase in the desire to migrate is observed in Uzbekistan. Seventy-five percent of those surveyed would like to leave there, as compared with 59 percent in 1992. Sixty-six percent would like to leave Kazakhstan and 62 percent would like to leave Kyrgyzstan. In Uzbekistan, the potential migrants do not know when they will be able to move two times less than in the other two countries, and two times more often respond that they will leave within five years. And within the course of the year, five times more persons intend to leave Uzbekistan than Kazakhstan, and seven times more than Kyrgyzstan. Only 25 percent of those wishing to leave Uzbekistan have not done anything about moving, as compared with 35 percent in Kazakhstan and 39 percent in Kyrgyzstan. Nine percent want to leave Uzbekistan under any conditions, regardless of the availability of housing or work, while only 4 percent want to leave Kazakhstan and 1 percent want to leave Kyrgyzstan under such conditions. On the contrary, 56 percent will leave Uzbekistan only under the condition that they receive housing, and 67 percent will leave Kazakhstan and 80 percent will leave Kyrgyzstan under this condition. That is, in Kazakhstan, and especially in Kyrgyzstan the migration situation is much calmer.

In Kyrgyzstan this is explained, judging by the responses of the population and the experts, by the more liberal political regime as compared with the other Central Asian countries. One comment for the inquisitive reader: In response to the question of whether they insist on strict confidentiality of their answers, in Uzbekistan all the experts said "yes," in Kazakhstan—50 percent, and in Kyrgyzstan—not one.

In Kazakhstan, a great role is played by demographic and historical-cultural factors such as the numbers of the Russian diaspora (around 6 million) and its compact residence on the lands which were settled by Russians as early as the 17th Century and which are today Northern Kazakhstan, the long common boundary with Russia and the rebirth of the Cossack brotherhood on both sides of this boundary. Therefore, here Russians are more inclined not toward moving, but toward developing an economic, cultural and political integration with Russia, or toward creating a national-territorial autonomy. Specifically, such responses to the question, "What do you expect from Russia in order to overcome the ethnic discomfort?", were given three times more often in Kazakhstan than in Kyrgyzstan, and four times more often than in Uzbekistan.

And these sentiments are actively supported by the Slavic organizations and movements, as well as by the ethno-cultural centers, as for example the Tatar-Bashkir center. Not the least important role is played also by the participation of the nonnative population in private business, which is a powerful inhibiting factor. In Kazakhstan, 4 percent of those surveyed had their own business, as compared with 2 percent in Uzbekistan and 1 percent in Kyrgyzstan. Among them there were two-three times more of those who wanted to stay than the average for all the respondents. It is specifically the businessman, like no one else, who is interested in integration and adaptation in the country where he lives, and in the development of relations with other countries.

Approximately 3/4 of the potential migrants in each of the states intend to leave forever. The rest hope to return someday. Around 4/5 of those who wanted to leave would like to move to Russia.

As a result, we may predict that within the next five years, Russia will face an influx of 39 percent of the nonnative population from Uzbekistan for permanent residence, 16 percent from Kazakhstan and 12 percent from Kyrgyzstan. This will comprise about 4 million persons. Among these, from 75 percent in Kazakhstan and Uzbekistan to 85 percent in Kyrgyzstan are Russians.

This prognosis, of course, is not extremal, and it does not exceed the influx into Russia for the last five years. However, Russia is already unable to handle the existing influx. The accepted migrants are burdened by far from normal migration conditions: Price, currency and customs barriers which have been erected within and between countries; Absence of real freedom of movement and choice of place of residence; Laws on citizenship and on property rights. As a result, when they leave, the people lose everything or almost everything. And when they come to Russia, they encounter problems of housing, work, social provision and even citizenship. Moreover, the lack of resolution of these problems for most migrants is associated not with their lack of knowledge, skills and energy or the lack of Russia's resources for restoring their destroyed fates from the ruins, but with the impossibility of normal utilization of their energy in view of retention of prohibitions, obstacles and administrative limitations which are dear to bureaucratic hearts and pockets, as well as the grips of the tax policy, which deprive the country of its future. As a result, migration becomes a most difficult trial for the migrants and a burden for Russia, despite the fact that it could be a benefit.

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The figures and times of the predicted influx could be more or less, depending on the policy of Russia as well as of the donor countries (members of the Paris Club of creditors). Today the policies of both are inconsistent, enter into contradiction on the legislative and executive, national and local levels, and as a result of this are unstable. It is no wonder that, on the average, one in five potential migrants in the surveyed countries cites the lack of prospects and lack of confidence in the future as the main motive for his upcoming departure, and one in four cites apprehension about the future of his children. Therefore, Russia, if it wants to really be a historical homeland for its fellow countrymen, and not simply a mythical one, must constantly correct its economic policy and its legal base, especially with its partners in the CIS.

CIS: Agreement on Cooperation in Labor Migration

964F2800A Moscow ROSSIYSKAYA GAZETA (ECONOMICHESKIY SOYUZ Supplement) in Russian 6 Jul 96 p 7

[Agreement of the Governments of the Azerbaijan Republic, the Republic of Armenia, Republic of Belarus, Republic of Georgia, Republic of Kazakhstan, Kyrgyz Republic, Republic of Moldova, the Russian Federation, Republic of Tajikistan, Turkmenistan, Republic of Uzbekistan, and Ukraine on Cooperation in the Field of Labor Migration and Social Protection for Migrant Workers. Articles 15 through 21 were garbled in the original copy and cannot be reliably translated in that condition.]

[FBIS Translated Excerpt] The governments of the states participating in this Agreement, henceforth Parties,

pursuant to the provisions of the Treaty on Creation of the Economic Union,

based on conformity to the founding documents of the UN in the field of human rights and the principles formulated within the ILO,

recognizing the importance and scope of labor migration between states of the Parties,

striving for comprehensive development of cooperation among the states participating in the present Agreement in the field of labor activity and social protection of migrant workers within the states of the Parties,

have agreed to the following:

Article 1

The present Agreement shall regulate basic directions of cooperation of the Parties in the field of labor activity and social protection of persons (henceforth, workers) and members of their families permanently residing in one of the states of the Parties and engaged in labor activity in enterprises, institutions, and organizations of all forms of ownership (henceforth, employers or hirers) within another state of the Parties in accordance with the laws of the Party where the job is.

This Agreement shall not apply:

to refugees and forced migrants;

to freelancers and performers who have come for a brief period;

to persons who have come specially to obtain an education.

Article 2

The terms used in this Agreement shall be defined as follows:

"migrant worker (or worker)"—a person residing permanently in the territory of the Party of origin who is working legally for pay in the Party of employment;

"members of a family"—a person who is married to a migrant worker, also dependent children and other persons who are recognized as family members in accordance with the applicable laws of the Party of employment;

"employer (hirer)"—an enterprise, institution, or organization, regardless of form of ownership or departmental affiliation, providing work in the Party of employment;

"Party of origin"—the state in which the migrant workers permanently reside and migrant to another state in order to obtain work;

"Party of employment"—state in which migrant workers who have come from another state engage in labor activity under a labor agreement (contract);

"Authorized bodies"—bodies of Parties whose jurisdiction includes deciding questions of implementing this Agreement;

"working conditions"—set of factors of the work environment which influence a person's health and work capacity in the labor process, also the stipulated duration of work and leisure time, leaves, and remuneration in accordance with the labor laws of the Party of employment.

Article 3

Procedures for recruiting workers, qualification, age, and other requirements on them, shall be set by the

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Party of employment, based on that Party's laws, unless otherwise stipulated by bilateral agreements.

The strength of workers accepted shall be determined on the basis of bilateral agreements.

Article 4

Each of the Parties shall recognize (without certification) diplomas, education certificates, relevant documents awarding titles, ranks qualifications, and other documents necessary to engage in labor activity and a translation of them (validated according to procedures stipulated in the Party of origin) into Russian or the state language of the Party of employment.

Service records, including in specialty and on a preferential basis, shall be mutually recognized by the Parties.

When the migrant worker finally exits the Party of employment, the employer (hirer) shall issue him a reference or other document containing information about the duration of the work and wages paid, by month.

Article 5

Workers' entry into the Party of employment, their stay there and exit shall be in accordance with the laws in effect within that Party's territory and agreements signed between the Parties.

Parties may demand that labor arrangements be terminated ahead of time and that migrant workers return to the Party of origin if they violate the laws of the Party of employment and the rules governing foreign citizens' stays.

Article 6

A worker's labor activity is arranged by a contract (agreement) signed with the employer in the state language of the Party of employment and in Russian, in accordance with the labor laws of the Party of employment, and is issued to the worker prior to his departure for work.

The labor agreement (contract) must contain the basic data on the employer and worker, the worker's professional requirements, information about the nature of the work, working conditions and pay, length of the work day and leisure time, living conditions, also the period the agreement is in effect, conditions of dissolving it, and procedures for covering transport costs.

Workers shall have the rights and duties stipulated by the labor laws of the Party of employment.

If a labor agreement (contract) is annulled due to liquidation or reorganization of the enterprise (institution, organization), downsizing, or reduction in force, the migrant worker shall be accorded benefits and compensation in accordance with the laws of the Party of employment for workers who are laid off for these reasons. In such cases the migrant worker is subject to return to the Party of origin at the expense of the employer (hirer).

A labor agreement (contract) may not be transferred from one employer (hirer) to another.

Article 7

Taxes on labor earnings of workers of the Party of employment shall be levied by procedures and in amounts stipulated by the laws of the Party of employment. Parties are not allowed to double-tax workers' earnings.

Article 8

Workers and members of their families shall have the right to bring in and take out personal property in accordance with the effective laws of the Parties or bilateral agreements.

Article 9

Questions of pension security for workers and members of their families shall be regulated by the Agreement on Guarantees of the Rights of Citizens of States Participating in the CIS in the Field of Pension Security, dated 13 March 1992, and/or bilateral agreements.

Article 10

Migrant workers shall have the use of social insurance and social security (except pension security) in accordance with laws in effect within the Party of employment unless otherwise stipulated by special agreement. Their medical care shall be provided at the employer's (hirer's) expense in the Party of employment on the same level as citizen there.

Article 11

Procedures for compensating a worker for an injury or occupational disease or other impairment to health in connection with the performance of his duties shall be regulated by the laws of the Party of employment, unless otherwise stipulated by separate agreement.

Article 12

In case of the death of a worker, the employer (hirer) shall organize transportation for the body and personal effects of the deceased to the Party of origin, bear all the costs involved, and inform the diplomatic or consular office of the country of origin, providing all materials concerning the fact of the death.

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Article 13

The Parties shall inform each other:

about national laws and other normative acts in the field of labor, employment, emigration, and immigration, including the living conditions of migrant workers;

about the state of the labor markets of the Parties.

The Parties shall take measures necessary to prevent the job placement of migrant workers by intermediaries lacking the necessary permits from competent bodies of the Party of origin to engage in such activity.

Any person involved in secret or illegal immigration shall be liable in accordance with the effective laws of the Party of employment.

Article 14

Workers may transfer their earnings to the Party of origin in accordance with the laws of the Party of employment and on the basis of bilateral agreements.

Article 15 [passage omitted]

Made in Moscow on 15 April 1994 in one true copy in Russian. The true copy is kept in the Archive of the government of the Republic of Belarus, which will send a certified copy to the states signing the present Agreement.

Russia: Edict on Use of Foreign Workers

964F2798A Moscow ROSSIYSKAYA GAZETA (ECONOMICHESKIY SOYUZ Supplement) in Russian 6 Jul 96 p 7

[Edict of the President of the Russian Federation: "On the Recruitment and Use of Foreign Manpower in the Russian Federation"; signed by Russian Federation President B. Yeltsin]

[FBIS Translated Text] In order to implement the RF state policy on recruiting foreign manpower, assure the priority right of citizens of the RF to take vacant jobs, and in accordance with RF Presidential Edict No 1598 of 7 October 1993, "On Legal Regulation in the Period of Phased Constitutional Reform in the RF," **I decree:**

1. That the attached Statute on the recruitment and use of foreign manpower in the RF be approved.

2. That for permission to recruit foreign manpower, employers be charged a fee for each foreign worker recruited, in the amount of the minimum monthly wage established by RF legislation; levied funds to be transferred to the revenues of the appropriate budgets.

3. That permission to engage in labor activity be issued free of charge to foreign citizens hired by employers within the limits of recruited foreign manpower stipulated by the employer's permit.

That for issuing permission to engage in labor activity to foreign citizens in cases not requiring an employer's permit, employers be charged a fee in an amount stipulated by the Russian FMS [Federal Migration Service] jointly with the RF Finance Ministry, in order to cover the costs of issuing the work permit.

4. That employers who recruit foreign manpower without the necessary permit shall be liable under procedures stipulated by RF legislation.

Foreign citizens who have entered the RF to engage in professional activity and have been hired in violation of the Statute on the Recruitment and Use of Foreign Manpower in the RF shall be deported from the RF by agencies of the RF MVD, at the employers' expense.

5. Employers who at the time this Edict is passed have labor arrangements with foreign citizens temporarily residing in the RF shall, within a three-month period, bring them into conformity with the Statute on the Recruitment and Use of Foreign Manpower in the RF.

6. That this Edict shall be submitted to the review of the Federal Assembly of the RF.

7. This Edict shall be in effect from the time it is signed.

[signed] Russian Federation President B. Yeltsin

Moscow, Kremlin 16 December 1993 No 2146

Russia: Statute on Use of Foreign Workers

964F2798B Moscow ROSSIYSKAYA GAZETA (ECONOMICHESKIY SOYUZ Supplement) in Russian 6 Jul 96 p 7

[Statute on the Recruitment and Use of Foreign Manpower in the Russian Federation]

[FBIS Translated Text] 1. This Statute sets the conditions and procedures of issuing permits to recruit foreign manpower in the RF, also permits to foreign citizens to engage in labor activity within the RF.

2. Issuance of permits to recruit foreign manpower (henceforth, permits) and monitoring of their use shall be handled by the Russian FMS [Federal Migration Service] on the recommendation of executive branch bodies in the republics making up the RF, krays, oblasts, autonomous oblasts, autonomous okrugs, and federal-status cities.

3. Permits shall set quotas on recruiting a particular number of foreign citizens as a whole and by groups of professions hired by employers to work within republics

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making up the RF, krays, oblasts, autonomous oblasts, autonomous okrugs, and federal-status cities.

4. Permits may be issued to legal persons of Russia, enterprises with foreign investments operating within the RF, and also certain Russian and foreign natural persons and stateless persons living within the RF using hired workers in an individual farm operation (henceforth, employers). The period of professional activity by recruited foreign citizens shall not exceed the duration of the employer's permit.

5. To obtain a permit, an employer shall submit to the FMS:

an application;

a recommendation (decision) from the appropriate executive bodies of republics making up the RF, krays, oblasts, autonomous oblasts, autonomous okrugs, and federal-status cities, justifying the advisability of the employer's recruitment and use of foreign manpower;

a draft labor contract or other documents confirming advance agreement with foreign citizens or foreign partners on intentions and conditions on recruiting foreign workers. The conditions, pay, labor protection, social security, and insurance of foreign citizens shall be set by the norms of RF legislation, taking account of characteristics stipulated by inter-state and inter-government agreements of the RF with foreign countries.

Enterprises, institutions, and organizations subordinate to the RF Defense Ministry requesting permits shall also submit the RF Defense Ministry's consent to recruit foreign workers.

6. Recommendations (decisions) by executive bodies of republics making up the RF, krays, oblasts, autonomous oblasts, autonomous okrugs, and federal-status cities concerning employers' recruitment of foreign manpower shall be based on the principle of Russian citizens' priority right to take vacant jobs, and shall be prepared in consideration of the availability of equivalent manpower in the relevant territory and the lack of the possibility of redistributing labor resources from other regions of the country, assuring equal conditions of the pay of foreign workers relative to citizens of the RF, and preventing a negative impact of the hiring of foreign citizens on the conditions of employment of Russian citizens.

7. The decision to issue permits shall be made by the RF FMS within 30 days from the day an employer submits the documents listed in Paragraph 5 of this Statute. If the decision to issue a permit requires expert examination, the decision shall be made within 15 days after the expert decision, but not later than 45 days from the day the documents were submitted.

A motivated refusal to issue a permit shall be sent to the employer in writing within five days after the decision was made to refuse the permit.

8. As a rule, permits shall be issued for up to one year. On the basis of a motivated request by the employer, the permit may be extended after it expires, but not for more than one year.

When a permit is extended, the employer shall be charged a fee in the amount stipulated for the issuance of the permit.

9. A permit shall not be transferred to other employers. Foreign workers recruited on the basis of a permit may not be transferred to another employer.

10. A permit shall indicate: the name of the body issuing the permit, the name and address of the employer issued the permit and information about his state registration, the territory in which the permit is valid, the number and professional makeup of the recruited workers, the country of their origin or usual residence, grounds for issuing the permit, its duration, and other data in conformity with Annex 1.

A permit shall be signed by an official authorized by the head of the RF FMS, and validated by a stamp.

11. Employers obtaining a permit to recruit foreign manpower shall, within a month's time, submit to the FMS information about the signing of labor contracts with foreign workers on the basis of the permit.

12. If an employer violates the terms of the permit, the present Statute, or the laws of the RF, with the result that the rights of foreign workers are infringed upon, the FMS may revoke the permit until the violations are eliminated, or direct that they be eliminated within a certain period. If the violations are not eliminated within the stipulated period, the permit may be revoked by decision of the FMS.

An employer may, without warning, be stripped of the right to exercise the permit for any action or inaction which results in a threat to the life of workers or harm to their health.

13. If an employer ceases operations or carries out measures to reduce the strength of his personnel, the permit shall be invalid regardless of the duration for which it was issued.

14. A foreign citizen coming to the RF to engage in professional activity may work for hire within the RF only if he has been given a permit to engage

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labor activity issued in his name on the basis of the employer's permit, in the form prescribed in Annex 2.

In cases stipulated in Paragraph 16 of this Statute, foreign citizens may be issued permits for the right to labor activity within the RF in the absence of an employer's permit.

15. Labor activity permits for foreign citizens in the hire of an employer within the limits of the number of recruited foreign manpower set by the employer's permit, as well as in cases set forth in Paragraph 16 of this Statute, shall be issued by territorial bodies of the FMS on the basis of the employer's petition in the form prescribed in Annex 3, with the consent of the foreign citizen.

16. Foreign citizens who are highly qualified specialists may be recruited on the basis of a labor activity permit without an employer's permit in cases where employers hire them to work in enterprises in which foreign investments are involved operating within the RF, also in the case of foreign citizens employed as managers and deputy managers of enterprises and heads of subunits of those enterprises (including autonomous enterprises).

17. The FMS shall submit to the appropriate diplomatic offices and consulates of the RF abroad information about permits issued, which shall serve as grounds for foreign citizens to be given entry and exit visas with the right to be hired for work.

18. The mandatory procedure for issuing employers' and workers' permits as established by this Statute shall not apply to foreign citizens who, in accordance with the laws of the RF:

are officially recognized as refugees;

reside permanently within the RF;

have been given asylum within the RF;

have petitioned for refugee status and have received permission for temporary residence.

Said procedure shall also not be applied to foreign citizens who are:

workers in science and culture working within the RF in institutions created in accordance with inter-state treaties;

workers in diplomatic and consular offices, also organizations having diplomatic status and located within the RF;

religious workers engaged in professional activity within the RF in officially registered religious organizations and societies;

members of crews of Russian maritime and river vessels;

students engaged in production training during vacations under programs of Russian educational institutions of higher professional education;

correspondents and journalists accredited in the RF;

lecturers and instructors invited to teach and engage in other work in Russian academies and educational institutions of higher professional education;

persons for whom other procedures of job placement have been instituted by inter-state and inter-government treaties of the RF with foreign countries.

Russia: 1993 Edict on Foreign Workers 'Clarified'

964F2798C Moscow ROSSIYSKAYA GAZETA (ECONOMICHESKIY SOYUZ Supplement) in Russian 6 Jul 96 p 7

[Clarification of the Russian Federation Labor Ministry, 4 April 1994, No 6, Moscow: "On Certain Questions Relating to the Application of Paragraph 5 of the Edict of the President of the Russian Federation of 16 December 1993, No 2146, 'On the Recruitment and Use of Foreign Manpower in the Russian Federation'"; (Approved by decree of the Russian Federation Labor Ministry 4 April 1994 No 28)]

[FBIS Translated Text] Because of numerous inquiries about procedures for the application of Paragraph 5 of RF Presidential Edict No 2146 of 16 December 1993, "On the Recruitment and Use of Foreign Manpower in the Russian Federation," the RF Labor Ministry **clarifies:**

RF Presidential Edict No 2146 of 16 December 1993, "On the Recruitment and Use of Foreign Manpower in the RF," approved the Statute on the Recruitment and Use of Foreign Manpower in the RF. That Statute stipulates that in order to use foreign manpower in the RF an employer must obtain permission to recruit foreign manpower according to established procedures, and a foreign citizen must obtain a labor activity permit issued according to procedures stipulated by the Edict.

If a foreign citizen already had a labor arrangement with an employer within the RF at the time RF Presidential Edict No 2146 of 16 December 1993 was passed, after passage of the Edict the employer must obtain a permit to recruit foreign manpower or dismiss the foreign citizen worker.

If, in connection with the aforesaid Edict, the employer is obliged to dismiss the foreign worker, the labor agreement (contract) with the foreign worker shall

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be rescinded with reference to Paragraph 5 of RF Presidential Edict No 2146 of 16 December 1993. The following comment on the dismissal shall be entered in the worker's labor book: "Dismissed in accordance with Paragraph 5 of RF Presidential Edict No 2146 of 16 December 1993, 'On the Recruitment and Use of Foreign Manpower in the RF.'"

Because dismissal on these grounds was not made at the worker's initiative, dismissed workers must be given benefits and compensation stipulated by laws in effect, specifically compensation for the expenses of moving (Part 2, Article 35 of RF Law "On State Guarantees and Compensation for Persons Working and Living in the Far North and Equivalent Areas"), also benefits and compensation stipulated by individual labor agreements (contracts).

Russia: Agreement on Vietnamese Workers in Russia

964F2799A Moscow ROSSIYSKAYA GAZETA (EKONOMICHSKIY SOYUZ Supplement) in Russian 6 Jul 96 p 8

[Text of "Agreement between the Government of the Russian Federation and the Government of the Socialist Republic of Vietnam on the Principles of Sending and Admitting Vietnamese Citizens for Work at Enterprises, Associations, and Organizations of the Russian Federation"]

[FBIS Translated Text] The Government of the Russian Federation and the Government of the Socialist Republic of Vietnam, hereinafter called "the Parties,"

guided by a desire to strengthen and develop economic relations between their two countries,

desiring, with due regard for the demands of the labor market, to create conditions and improve opportunities for vocational activity by Vietnamese citizens in the Russian Federation,

have agreed upon the following:

Article 1

1. The Government of the Russian Federation expresses its consent to admitting, and the Government of the Socialist Republic of Vietnam expresses its consent to sending Vietnamese citizens to work at enterprises, associations, and organizations of the Russian Federation, hereinafter called "Russian enterprises."

2. The admission of Vietnamese citizens for work at Russian enterprises is done in conformity with the procedure established by the law of the Russian Federation for attracting foreign labor on the basis of contracts (economic agreements) concluded between the hiring enterprises of the Russian Federation and the enterprises, associations, organizations, and labor organs of the provinces and cities of the Socialist Republic of Vietnam which send labor, hereinafter called "organizations of the Socialist Republic of Vietnam."

Article 2

1. The Government of the Russian Federation authorizes the RF Ministry of Labor and the Government of the Socialist Republic of Vietnam authorizes the Ministry of Labor, Disabled Veterans' Affairs, and Social Security of the Socialist Republic of Vietnam, hereinafter called the "authorized Parties," to coordinate work and monitor performance of the present Agreement.

2. The authorized Parties review the performance of the present Agreement and agree upon and sign appropriate protocols and other working documents each year, alternately in the Russian Federation and the Socialist Republic of Vietnam.

Article 3

1. Vietnamese citizens located in Russia in conformity with the present Agreement are guaranteed the rights and liberties envisioned by Russian law. Vietnamese citizens located in Russian territory are obliged to observe the Constitution and laws of the Russian Federation and the rules of residence for foreign citizens in the Russian Federation.

Article 4

1. The number and vocational composition of the Vietnamese citizens and the length of their stay in the Russian Federation will be regulated by contacts (economic agreements) of Russian enterprises with the organizations of the Socialist Republic of Vietnam.

At the same time, the term of the residence of Vietnamese citizens in the Russian Federation should not exceed 3 years.

2. The working and living conditions, work schedule (working time and vacation), matters of labor payment and safety and social insurance, the procedure for resolving labor disputes, and other matters related to the work of Vietnamese citizens at Russian enterprises are defined in the contracts (economic agreements) in conformity with the laws of the Russian Federation with due regard for the provisions of the present Agreement.

3. Vietnamese citizens are sent in groups to work at Russian enterprises, and from the members of the group the organizations of the Socialist Republic of Vietnam assign a Vietnamese leader at each Russian enterprise.

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Article 5

1. The persons admitted to work at Russian enterprises will be Vietnamese citizens between the ages of 18 and 40 (50 for specialists) who have the necessary vocational training and state of health in conformity with the requirements imposed by agreement of the ministries of health of the Russian Federation and the Socialist Republic of Vietnam.

2. The procedure and principles for selection of Vietnamese specialists and workers should be defined in the contract (economic agreement).

3. Medical certification of Vietnamese citizens before they leave the Socialist Republic of Vietnam is done by Vietnamese doctors on the basis of medical examination standards agreed upon by health organs of the Russian Federation and the Socialist Republic of Vietnam.

Each Vietnamese citizen arriving in Russian must have the appropriate medical document concerning his state of health.

In the case where a Vietnamese citizen, within 4 months of his arrival in the Russian Federation, is found to have an illness which does not permit him to perform his labor activity or represents a danger to the health of those around him, he is subject to return to the Socialist Republic of Vietnam at the expense of the organization of the Socialist Republic of Vietnam, under the terms envisioned by the contract.

Article 6

1. Travel expenses of Vietnamese citizens being sent from the Socialist Republic of Vietnam to the Russian Federation, from the airport or seaport of the Socialist Republic of Vietnam to the first airport or seaport of the Russian Federation, and upon their return after completion of the term of the contract from the Russian Federation to the Socialist Republic of Vietnam to the first airport or seaport of the Socialist Republic of Vietnam, as well as in the territory of the Russian Federation, including meals en route, are assumed by the Russian enterprises. The organizations of the Socialist Republic of Vietnam assume travel expenses for Vietnamese citizens in the territory of the Socialist Republic of Vietnam.

2. If a Vietnamese citizen returns to the Socialist Republic of Vietnam ahead of schedule at the wish of the Vietnamese Party, an organization of the Socialist Republic of Vietnam, or a citizen of the Socialist Republic of Vietnam, including in the case where the contract is breached by an organization of the Socialist Republic of Vietnam or a Vietnamese citizen, or for reasons which are the responsibility of a Vietnamese citizen, the expenses related to his return and meals en route are borne by organizations of the Socialist Republic of Vietnam.

3. Russian enterprises pay expenses, including meals en route in the territory of the Russian Federation, in connection with the early return of Vietnamese citizens from the Russian Federation to the Socialist Republic of Vietnam if they cannot work in their appropriate occupation as the result of occupational illness or production injury received through the fault of a Russian enterprise, including the case where the terms of the contract are violated by the Russian Side or Russian enterprise.

Article 7

1. The beginning of a Vietnamese citizen's labor relations with a Russian enterprise is considered to be the day he arrives in the territory of the Russian Federation.

The day that the Vietnamese citizen's labor relations with the Russian enterprise end is the day he departs from the territory of the Russian Federation, if the circumstances envisioned by Point 3 of Article 7 of the present Agreement do not arise.

2. Upon final departure the official record of labor activity at a Russian enterprise is issued to the Vietnamese citizen.

3. Each party to the contract may demand early termination of labor relations and return of the Vietnamese citizen to the Socialist Republic of Vietnam if:

/ma) the citizen has violated the laws of the Russian Federation and his actions do not entail criminal responsibility under the laws of the Russian Federation;

/mb) the citizen has consistently violated labor discipline for which, under existing Russian law, he would be subject to discharge;

/mc) the parties to the contract do not fulfill the conditions envisioned by the present Agreement and the contract;

/md) circumstances which are specially stipulated in the contract arise which demand the departure of the Vietnamese citizen to his homeland;

/me) the interests of one of the Parties demand the departure of the Vietnamese citizen.

4. Vietnamese citizens after their work at an enterprise is terminated are obliged to leave the territory of the Russian Federation in conformity with their legal status in the Russian Federation and the rules for residence of foreign citizens.

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5. Accounts for property obligations not fulfilled by Vietnamese citizens are settled between the Russian enterprise and the organization of the Socialist Republic of Vietnam in the manner determined by the contract.

Article 8

1. The procedure for settlement of accounts between the Russian enterprise and the organization of the Socialist Republic of Vietnam for the use of Vietnamese labor within the framework of the present Agreement is defined in each particular case during conclusion of the contract. The contract stipulates that the part of monthly wages paid to each Vietnamese citizen in rubles for the purpose of meeting personal needs during residence in the Russian Federation may not be less than the amount of the legally established minimum wage received by citizens of the Russian Federation.

The remainder of the wages of Vietnamese citizens is paid by the Russian enterprise to the organization of the Socialist Republic of Vietnam in hard currency or is reimbursed by equivalent deliveries of Russian goods, raw or processed materials, or by offering services in conformity with the laws of the Russian Federation and the Socialist Republic of Vietnam. The assortment, number, price, and other conditions of the delivery of these goods, raw and processed materials, and services are determined in the contracts.

2. Sums of money paid in rubles are not converted and are not subject to transfer to the Socialist Republic of Vietnam unless otherwise envisioned in later Russian legislation.

3. The labor income of Vietnamese citizens earned during work in the Russian Federation is taxed in the amounts and by the procedure established by Russian law.

4. Vietnamese citizens carry out goods purchased in the Russian Federation in the amounts and by the procedure determined by the customs laws of the Russian Federation.

Article 9

1. In conformity with the norms adopted in the Russian Federation Russian enterprises provide Vietnamese citizens with housing in furnished dormitories with payment for residence by the procedure and in the amount established for Russian citizens.

Expenditures for housing, meals, and personal travel are made in rubles from the personal money of the Vietnamese citizens who are working in the Russian Federation in conformity with the present Agreement in the amount established for Russian citizens.

2. Russian enterprises provide Vietnamese citizens with free special clothing, special footwear, and other protective gear in conformity with norms established for Russian workers and employees.

The outfitting of Vietnamese citizens upon their arrival in the Russian Federation is stipulated in the contracts.

Enterprises of the Russian Federation give Vietnamese citizens the opportunity to use the medical, cultural, sport, and other institutions on the conditions envisioned for workers and employees of the Russian Federation.

Article 10

1. During their work at Russian enterprises Vietnamese citizens are given paid vacation in conformity with the labor law of the Russian Federation. The possibility for Vietnamese citizens to spend their vacation in the Socialist Republic of Vietnam is specially stipulated in the contracts.

2. Vietnamese citizens located in the Russian Federation in conformity with the present Agreement enjoy the right to recreation on the same basis as citizens of the Russian Federation.

In addition, they are exempted from work on the national holidays of the Socialist Republic of Vietnam—2 September and 2 days at lunar New Year's. If Vietnamese citizens, with the agreement of their leader, are enlisted to work on these holidays, compensation will be according to the procedure established by Russian law.

Article 11

1. Allowances for temporary disability, including temporary disability resulting from a labor injury or occupational illness, are paid to Vietnamese citizens in the amounts and by the procedure established by the laws of the Russian Federation.

2. If a Vietnamese citizen becomes disabled from work or dies as the result of a production injury or occupational illness through the fault of the enterprise during his period of work in the Russian Federation, a disability pension for the Vietnamese citizen or, as appropriate, a family pension for loss of a breadwinner is paid in the amount and by the procedure established by Russian law.

3. The procedure and conditions for transfer of social insurance funds by Russian enterprises to organizations of the Socialist Republic of Vietnam are determined in the contracts in the amount established by Russian law.

4. After final return of Vietnamese citizens to the Socialist Republic of Vietnam they receive all social

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insurance services in conformity with the laws of the Socialist Republic of Vietnam and at the expense of the Socialist Republic of Vietnam, with the exceptions envisioned by Points 1 and 2 of the present Article.

Article 12

In the case where a Vietnamese citizen dies during his stay in the Russian Federation the Russian enterprise arranges and pays for his cremation in the Russian Federation and transfer of his ashes and personal effects to the Socialist Republic of Vietnam, and notifies the Embassy of the Socialist Republic of Vietnam in the Russian Federation of this with documentation of the fact of death.

In the case where a Vietnamese citizen dies through the fault of a Russian enterprise, that enterprise provides, in addition, for the purchase of two-way airline tickets for an escort and makes a one-time payment to the family of the deceased. The exact amount of the payment is determined by agreement between the Russian enterprise and the organization of the Socialist Republic of Vietnam and is fixed in the contracts.

Article 13

Vietnamese citizens being sent to the Russian Federation in conformity with the present Agreement enter the Russian Federation and depart to the Socialist Republic of Vietnam on the basis of valid work and general passports with notation of the purpose of the trip in the manner established by agreement on the terms of mutual trips.

2. The necessary formalities connected with the residence, work, and final departure of Vietnamese citizens are completed by the Russian enterprise, which pays the corresponding expenses for completion of these formalities in the territory of the Russian Federation.

Article 14

In case of the liquidation or reorganization of the Russian enterprise and an associated reduction in its workforce, including Vietnamese citizens, the Russian enterprise must give notice of this to the Vietnamese citizens and the organizations of the Socialist Republic of Vietnam within no more than 3 months, assume all expenses related to their return home, and pay the Vietnamese citizens a compensation allowance in the amount stipulated by the contract.

Article 15

1. The present Agreement is concluded for 5 years and will be extended automatically for each succeeding 3-year period unless one of the Parties declares in writing, 6 months before the expiration of the appropriate period, its intention to terminate the Agreement.

2. Termination of the Agreement does not terminate the contracts if the Parties have not agreed otherwise.

3. Subsequent modifications and additions to the present Agreement go into force after signing by the Parties.

4. The present Agreement goes into force on the date of the last notice confirming that the internal state procedures necessary for it to take effect have been completed.

Article 16

After completing work in the Russian Federation under the Agreement between the Government of the USSR and the Government of the Socialist Republic of Vietnam on sending and admitting Vietnamese citizens for vocational training and work at enterprises, associations, and organizations of the USSR, dated 2 April 1981, Vietnamese citizens may extend their work under the terms of the present Agreement where the necessary formalities are completed.

Done in Moscow on 29 September 1992 in two copies, one in Russian and one in Vietnamese, both texts of equal legal force.

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Political Issues

Russia: Most Likely Yeltsin Successors Singled Out

964F3070A Moscow MOSKOVSKIYE NOVOSTI in Russian 21-18 Jul 96 No 29, p 6

[Article by Yevgeniy Krasnikov: "A Great Presidential Game of Patience"]

[FBIS Translated Text] **The personnel rearrangements in the Kremlin and the "White House," which have begun, permit not only the naming of the real (and not the nominal) winners in the presidential elections but also the determination of the circle of potential successors to the present president with a high degree of probability.**

Strange to say but after Boris Yeltsin's victory the question of his successor and the possibility of early presidential elections has again become a fashionable subject in the "corridors of power." It is quite evident that the forming of a new government will show which Russian politician has the most influential allies and can lay claim to the role of the new leader in the party in power.

A whole number of well-known politicians are being mentioned among the possible heirs of the present president, including rather unexpected ones. However, Viktor Chernomyrdin, Yuriy Luzhkov and Aleksandr Lebed are named most frequently in this connection. It is understandable that each of them is trying today to enlist the support of as large a number of influential persons as possible and to put their allies into key positions in the executive branch.

Undoubtedly, today's personnel game of patience could not occur without the president's participation. However, whereas he has been the main player here up to now, the situation has apparently changed now. The expulsion of "power people" loyal to Yeltsin and the appointment of Anatoliy Chubays, which followed despite the president's statement that he did not intend to entrust Chubays with any high government post, are also evidence of this. Probably, one can interpret all this as the head of state's intention to destroy the old and build a new system of limits and counterweights in his team. However, it cannot be excluded that Boris Yeltsin, having won in the elections, has found himself dependent on the strategists and financiers of his campaign, whose opinions he must now take into consideration.

From the Kremlin to the 'White House'

As MOSKOVSKIYE NOVOSTI sources maintain, the draft of the personnel staff schedule, according to which one person, Viktor Ilyushin, occupies the positions of first assistant and chief of the president's administration, speaks "for itself." The appointment of Anatoliy Chubays can mean two things: Either Ilyushin was not insistent enough to complete the expansion or he rejected this undertaking for some reason or other. The second assumption seems more logical. According to MOSKOVSKIYE NOVOSTI information, the majority of the participants in Yeltsin's election campaign have already concluded an alliance with Viktor Chernomyrdin. Moreover, experts and the president's image makers have promised the premier that they will provide him the necessary help in the event of early elections for head of state.

For the time being, the president's instructions to form a government give Chernomyrdin a splendid opportunity to expand the circle of his allies. The primary concept for a significant enlargement of entities in the cabinet of ministers (and consequently, a reduction in vacancies) has clearly not matched up with this intention and that is why it is now undergoing substantial changes. It is already known that there will not be two, as planned, but three or four first vice premiers and that the number of ministries and state committees will be somewhat decreased. However, even if the structural reorganization of the government will not be too significant, the personnel reorganization is expected to be rather radical.

If the appearance of Viktor Ilyushin in the position of first vice premier for social matters takes place, this will be a clear sign of the displacement of the power center to the Krasnopresnenskiy Embankment. For Ilyushin himself who was in the president's shadow for a long time, a post in the government provides an excellent opportunity to move into the area of public policy.

Yuriy Yarov, whose portfolio should be given to Ilyushin, will most likely be sent abroad. Some say that a position in the International Labor Organization in Geneva awaits him; others assume that the vice premier will enrich the diplomatic corps. Nevertheless, Yarov could have enough influence to remain in Russia, changing his chair to one similar in status, for example, in the administration of the president. Concerning Ilyushin, as is known, he is preparing for the "White House" not alone but with Aleksandr Livshits, for whom they intend the position of vice premier for financial matters. This is explained not by the yearning of the president's assistants for "high-flown titles" but by an extremely well-thought-out scheme. Having enjoyed social technologies and having learned from their mistakes during the presidential campaign, Ilyushin and Livshits are possibly among the few people now in Russia who are capable of insuring the payment of wages, pensions and benefits — in other words, longed-for social stability. Their roles have been

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determined as follows — Livshits will find the money and Ilyushin will spend it efficiently.

Experts estimate the cost of "social stability" at approximately 50 billion dollars. The question is: What is the final goal of this operation? Some experts assume that the government should play the role of a "barge-pole" for the president's assistant, with whose help he will rise to the peak of the political Olympus. However, the majority are inclined to the opinion that a gentleman's agreement exists between Ilyushin and Chernomyrdin, according to which Ilyushin (who is considerably younger than the prime minister) and Livshits will form Chernomyrdin's main team and put off the implementation of their own plans to, for example, the year 2004. Other critical appointments (for example, the return of Aleksandr Shokhin to the government) will also be subordinated to the task of strengthening the premier's team.

From Yabloko to the VPK [Military Industrial Complex]

Another goal facing Viktor Chernomyrdin is strengthening the positions of his cabinet in the eyes of the public. This explains the "strange" discussions with Grigoriy Yavlinskiy and the rumors that are not fading away about the coming of Tatyana Yryginaya or Mikhail Zadornov to the government as "delegates" from Yabloko.

Meanwhile, some observers maintain that the season of surprises only just began with the arrival of Anatoliy Chubays in the administration of the president. In the near future, completely unexpected persons may appear as pretenders to the highest government posts, for example, Yegor Gaydar, Yuriy Maslyukov or Aman Tuleyev. The Congress of National and Patriotic Forces will evidently decide on 7 August to reject Chernomyrdin's cabinet. However, Maslyukov or Tuleyev may join the government on a personal basis. Most likely the fate of Ivan Rybkin will overtake them; however, this will give Viktor Chernomyrdin a splendid opportunity to say that his "government of professionals" expresses the interests of all layers of society.

The problem of the representation of the military industrial complex's interests in the cabinet of ministers is affiliated with the question of social and corporative support for it. "Defense" became an orphan after the departure of Oleg Soskovets. As far as MOSKOVSKIYE NOVOSTI knows, they are examining three options at a minimum for filling this loss. On the one hand, the military industrial complex can count on obtaining only a formal curator in full compliance with the distribution of forces after the elections (the TEK [fuel and energy complex] clearly has squeezed the "defenders"), or Oleg Lobov who is not considered very competent among the "defenders" themselves or Yuriy Skokov, who is not too influential in the highest circles. On the other hand, the military industrial complex generals, who have a splendid knowledge of all the mainsprings of power, are now conducting negotiations about the burden of concerns for the military industrial complex that the chief lobbyist for the interests of the fuel and power complex — Premier Chernomyrdin — should take upon himself.

Without Restraints and Counterweights

The influence of the president himself on the personnel reorganization of the power structures is hindered by the fact that he does not now have either a "clean sheet" or freedom of action to marshal the usual system of restraints and counterweights. That is why he has to act using the existing landscape and anything available.

Regardless of to whom Boris Yeltsin indeed intends to entrust power at the end of the millennium, the impression is being created that he is clearly thanking Aleksandr Lebed — that same "rough" — according to Kremlin standards — Lebed who it seems had "done his job" long ago and should have departed according to all laws of the genre; however, he was suddenly called to a new position. In contrast to Korzhakov, the general is popular among the people and his take-off was legitimatized by the elections. However, at the same time, like the retired confidant of the president, he receives all his authority from Yeltsin's hands and should be grateful only to him.

Although not a day passes without a rumor that the "president has met with Aleksandr Korzhakov," it is not so simple a matter to "return" the latter to the Kremlin, however. It looks like Korzhakov's position in the president's board of weights and measures has a chance of going to General Lebed. Many interpret the appointment of Rodionov as an accident and the appearance of the Defense Council can hardly be considered as a coincidence. If Vladimir Groshev, the chairman of the Inkombank council, or Konstantin Zatulin, a former Duma deputy, become Security Council deputy secretaries, one will be able to talk about habit as in the old anecdote.

Lebed's yearning to enlist the support of Russian financial circles — even if not too wide for a beginning — is evidence that he is not only lucky but also even far-sighted. We are talking about the meeting which took place during the first ten days of July in the Plekhanov Institute, during which the Rossiyskiy Kredit and Inkombank banks and Association of Russian Banks representatives participated.

It is generally known that the best way for any potential heir to achieve the status of an official successor is to

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convince Boris Yeltsin that he is not at all trying to occupy the president's throne but on the contrary, is unquestionably faithful to the existing head of state.

Russia: 'Elite' Inhabitants at Yeltsin's Address

964F2844A Moscow MOSKOVSKIYE NOVOSTI in Russian 30 Jun 96-7 Jul 96 No 2, p 27

[Article by Yelena Rykovtseva, under rubric "Elite": "Our Address Is Osennyya, 4"]

[FBIS Translated Text] **When people say "Yeltsin's entourage," they mean the Kremlin. But in real life both the president himself and his Kremlin entourage are also surrounded (and rather closely!) by completely ordinary people.**

These people proved to be "in power" by the will of their residency permit: they live on the same street that the president does, vote in the same polling place, and in reply to the question, "Can you tell me how to get to the building where Yeltsin lives?", they answer in exactly the same mechanical way that they do when asked for the location of the "Krylatskoye" Olympic center or the "Yunikor" supermarket.

The School

Whereas you and I are interested chiefly in the results of the election, for the associates at Moscow School No. 1130 the topic which, in and of itself, is more curious is the voting procedure, inasmuch as the entire state upper class comes here to exercise their franchise. The school received unexpected access to the great recently, last December, when the great ones themselves received in their internal passports an official residency permit in the building at the address: Ulitsa Osennyaya, 4, which is right next to the school.

Yes, the number of things to worry about has increased: the day before the election the building is carefully combed by explosion experts, and on the voting day it is jam-packed with guards. But pleasant, prestigious moments have also occurred: it is possible without any formality (although the aides, of course, grumble) to watch voter Luzhkov go to tea in the director's office, or to have a heart-felt chat with female voter Yeltsina, while "himself" is giving an interview, or to joke a bit with voter Korzhakov, and accompany to the ballot box voter Chernomyrdin, and once again to admire female voter Gracheva (in the women's ratings within the school, the wife of the former minister of defense occupies one of the first places with regard to "charisma"). People in the school have remarked that in December the first persons came to the polling place with their children and grandchildren, but now, in June, they come strictly one by one, or in such official couples as Gaydar-Luzhkov.

People in the school know that three "ordinary" families live in the same building as the important political figures (the families of scientist Yemelyanov, journalist Yumashev, and satirist Zadornov), who were apparently given those apartments for the sake of the same ordinary "percentage." But that same Zadornov was met at the polling place with flowers, just like the first persons of the state. The writer, who had rushed in to vote while still wearing a jogging suit, was embarrassed, and said, "If I knew this was going to happen, I would have put on a suit."

After the election is over, the school hopes to get an invaluable document: the log that the first persons in the state had signed, indicating that they had received their ballots. The log is unique not only because of the autographs: it contains a complete and accurate list of the 46 residents at Osennyaya Ulitsa, 4, a list which, incidentally, has never been published in the press.

The Building

It is impossible to bring to a greater absurdity the idea of the unifying of the authority and the people, than to house the first persons of the state directly under that people's windows, eyes, binoculars, and spy-glasses. In and of itself, the shell of what is now this famous building has existed for a rather long period of time: in the 1980's it was suggested that a hotel for the Cardiology Center be housed there. But the construction project was put on hold for a long time, and the shell of the building just stood there in the middle of a real swamp to which all kinds of ducks would drop in during the springtime. Later on, when, in the president's business office, there appeared permits to house the "firsts" specifically in this separate building, the building was purchased from the Cardiology Center, and the construction was revived at a rapid rate. So now, the local residents say, in exchange for our own money (they have in mind the money from the budget), we at least have pretty landscaping under our windows. (True, when viewed from the inside, the building still resembles a kind of sanitorium-hotel building: it is sterilely clean, absolutely deserted, and terribly official-looking.)

Now the entire composition — and no jokes are intended — is just like a circus, in the center of which is an area (a small five-story building with flower beds, tree-lined lanes, and a tennis court that is surrounded by a fence), and around the tiers are the "spectators' rows" — multistory buildings, the higher the row, the more expensive the seats: it is more convenient

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to see. Once, when staying at the "Leningrad" Hotel, we were very surprised: we asked why completely identical rooms have different rates. "With a view of the cruiser Avrora, it's more expensive," the administrator explained. The apartments in the buildings that are situated around the "objective" are exponentially more expensive that exactly the same kind of apartments in other parts of Moscow. And, in exactly the same way, there are different prices in the surrounding buildings themselves: an apartment in which the windows look out onto the "arena" is more expensive than an apartment on the same landing that does not have a sensational view. The poor people with limited income who was given apartments here many years ago "for free" are now selling their apartments at a tremendous profit. It is another matter that the main characters do not particularly spoil the public with cheap and expensive tickets by making frequent appearances. They do not stroll across the visible grounds, they never play tennis on the open court (although they do play on the court "inside the building"). On the area in front of the building it is very rare to see tiny tots riding their tricycles. According to observations by the ordinary citizens, the president himself has come here only a few times — that is immediately apparent: the area is cordoned off and there are a large number of cars. The only families, other than the "ordinary citizens," who actually live in the building, that is, who live more or less permanently, are the families of Gaydar and Grachev, but alongside the only female inhabitant of the building there is a large guard, efficiently running along with bags of groceries.

The Neighbors

During the months of observation out of and into the windows, the the "aborigines" got used to their neighbors to the point of live human sympathy. "In their windows on the second floor I keep seeing tomato seedlings in milk cartons. And I think: what kind of government do we have that is so unlucky!" The ordinary people also pity their neighbors because they realize how vulnerable and hopeless their position is in what is seemingly their own apartments. A sad analogy: the famous "house on Naberezhnaya" also was populated by highly placed individuals with their families, who were subsequently arrested and exiled, and into whose "released housing area" new highly placed individuals moved. Currently there are no repressions — only resignations. And although after such a resignation it would seem that no one was kicked out of Osennyaya, 4, the person himself senses that he is superfluous, and does not fit into the situation — or, rather, into the atmosphere where everyone is "our kind of people." Although the building was designed in such a way that the residents practically never bump into one another face to face (the maximum number of a landing is two apartments), the person who has been dismissed still understands that he has to leave. The first thing that procurator Kazannik asked when he learned about his resignation was, "What am I supposed to do now with my apartment?" It was precisely his living space that was subsequently assigned to Chubays.

At Osennyaya, 4 there are only a few privatized apartments, and the exchange or sale of the other apartments requires coordination with the president's business office, and in general an individual contract is formalized with every resident, depending upon his status. And even a contract concerning a lease may be prepared in such a way that the person, although he does not have the right to sell the apartment, has the right to remain in that apartment for as long as he considers to be necessary. But the persons who have been dismissed from the ranks of the caste, of course, do not defend their housing in court, but simply leave quietly, going God knows where. A certain jurist, upon entering the building, complained a lot that the situation here is such that the ethical norms conflict with the legal ones, which is something that should not happen in a civilized state.

But none of this means that in the buildings that surround Osennyaya, 4, people are currently sitting around and waiting in bloodthirsty anticipation, wondering when the movers will begin removing the furniture from the Grachev, Korzhakov, and Barsukov apartments. People here realize that this will not happen immediately, and therefore they comment in their own way on the situation with the people who have resigned: "Well, for a certain period of time they will continue to live here in the same building, not as people with jobs in the Kremlin, but simply as ordinary, normal neighbors."

P.S. In general, the situation when all the country's leadership is concentrated on a single plot of land will be changing soon. It has become known from very competent sources that there exists a decision to move everyone. And that decision in no way depends on the results of the election.

Russia: Former Duma Deputy on Zhirinovskiy's Party

964E1773A Moscow DELOVOY MIR in Russian 5 Jul 96 p 8

[Interview with Aleksandr Vengerovskiy, former State Duma deputy chairman and former LDPR [Liberal-Democratic Party of Russia] leader, conducted by jour-

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nalist Leonid Nikolayev: "Aleksandr Vengerovskiy: There Will Be No Civil War"]

[FBIS Translated Text] **Even quite recently, Aleksandr VENGEROVSKIY was the second most important person in the LDPR and held the office of Deputy Chairman of the State Duma of the last convocation. Since that time, however, he has publicly announced his departure from the party of Zhirinovskiy, calling its current leadership nucleus a criminalized structure. And then—near his own home, he was overtaken by a killer's bullet. Although the murderers were unable to accomplish their goal, Vengerovskiy was left with a shattered knee. He granted an interview to journalist Leonid NIKOLAYEV from a hospital bed in a well-guarded ward.**

[Correspondent] Aleksandr Dmitriyevich, you announced your departure from the LDPR and the creation of a new party, the "National Democratic Avant-Garde." What was the reason for such a step by one of the prominent leaders of the LDPR?

[Vengerovskiy] My active political life began during the time of perestroyka. It was specifically then that I perceived the ideas of democracy of a liberal interpretation. That is why I came to the LDPR. Yet quite soon I realized that the party of Zhirinovskiy does not have anything in common either with liberalism or with democracy.

I see what you are anxious to ask: Then why did you not leave at that time? The fact is that there were rather many such as I, people who had come to the LDPR and who had also become disenchanted. I did not want them to roll back to the positions of the radicals and extreme nationalists. I hope that I will be able to organize the normal people in the party into a unified wing. In the course of many meetings with LDPR members and those who sympathize with them—primarily outside of Moscow—I became ever more convinced that most of my fellow conversationalists shared my understanding of the ideas of a liberal democracy.

[Correspondent] Well, and when did the "teapot actually boil?"

[Vengerovskiy] The final impetus to my departure from the LDPR was the close proximity to Zhirinovskiy of people for whom I had no respect whatsoever. One of them was Mr. Sigarev, who had never belonged to any party prior to this and who, as the newspaper SEGODNYA reported, had a rich criminal past. And this person, thanks to the LDPR faction, becomes the deputy chairman of the State Duma Committee on Security! Then the name of Mr. Monastyrskiy appeared in the deputy roster of the LDPR—also a man with a criminal past.

And what can I say about Mr. Glushchenko, one of the criminal "authorities?" In short, my cup of patience overflowed because of the fact that the LDPR became the shortest route between the criminal world and political power. It turned out that we had no deterrent mechanisms, no barriers to block this path. As a result, not only dilettantes are becoming lawmakers, but people who *generally have no place there.*

Yet my final decision was adopted in connection with the support by the LDPR leader, and consequently also by the faction, of the sadly infamous Duma decision on denunciation of the Belovezhskiy Agreements.

And so that everything will be clear to you to the end: After the attempt on my life, not a single deputy from the LDPR faction came to visit me in the hospital. Everyone understood: If such a thing happened even with Vengerovskiy, it would be much easier to do it to me. And a party of terror is not a party in which I want to realize my political ideals.

[Correspondent] Not many are familiar today with your manifesto, "The Future of Russia—National Democracy." How are the organizational processes proceeding in the party which you are creating? Does the same fate await it as befell the numerous "guppy" parties?

[Vengerovskiy] Before the elections, we did not participate in any blocks or coalitions. The "National-Democratic Avant-Gard" is a party which will appear on the political scene after the elections of the President of Russia. If Yeltsin, who is today trying to stand above all parties and to play the role of "father of the peoples" is victorious in the second round, it is still unlikely that his power will last long—both the age and the health of this leader are not what they should be... Therefore, the formation of a party which expresses the interests of the nationally oriented bourgeoisie, the middle class, is the will of the times.

Well, and in case of victory of the communists, there will be a need for a strong opposition (and the liberal democrats cannot help but be in opposition to the communists), a strong constitutionally structured party. After all, it is a paradox that, during the time of reforms neither the comprador nor the nationally oriented Russian bourgeoisie were able to formulate their own political parties. That is why the helpless manifestos of the bankers, proclaiming, "Fellows, let us live as friends," are appearing today. Once again it was proven that in Russia power is not money, but strength of will, which is associated with the traditional Russian mentality. As

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Dostoyevsky so aptly noted: "Am I a cowering creature, or do I have rights?" There will be no changes in the structure of administration until political parties appear which express the economic interests of the classes which are being formulated in Russian society.

[Correspondent] Many get the impression that, by their announcement, the bankers merely played into Zyuganov's hands...

[Vengerovskiy] Zyuganov and the bankers—that is a specific question. The CPRF [Communist Party of the Russian Federation] is obviously conducting its campaign not for that money which was declared. It is being backed by certain banks. And this means that the games of the CPSU are still going on in Russia. In a country which has a shadow economy, politics are fuelled at its expense. And it is natural that, under conditions of the current lack of control, most of the banks have gone over to shadow activity. The genie has been let out of the bottle: Today cash money wanders around in all directions. And it determines everything. The bankers cannot keep this situation under control.

[Correspondent] How do you intend to construct your ideological platform, when the very concept of democracy has been discredited by the current lawlessness?

[Vengerovskiy] It is not necessary to discover anything new here. The state has laws and a repressive apparatus. It is necessary only to effectively utilize it, and there will be no more lawlessness. I assure you. And in order to exclude abuses by the authorities, it is necessary to make every effort to preserve the system of separation of powers which has emerged for the first time in Russia. Then we will also preserve democracy.

One other "ideological moment" is associated with our relations with the outside world. Both in Russia and in the USA, conditions are now arising when—whether we like it or not—there is a rebirth of nostalgia for the "image of the enemy," an enemy who is strong and geopolitically predatory. Especially on the background of the deteriorating economic situation, both here and there.

This means that in the nearest time both countries will define their domestic and foreign policy based on the interests and appetites of the VPK [military-industrial complex]. Objectively, this is inevitable. Therefore, our first organizational stage is the creation of a fund for protection of the interests of the armed forces, the special services and the VPK. Our task at the stage of formulation of the fund and the party is to come to agreement on the realizability of the plans and ambitions held by the Russian VPK and all of competitive industry. It is important for society to understand that, unless the VPK achieves a production level of at least 50 percent of that which it had in 1989, we will not be able to raise the economy. And the uplift of the economy, the increase in the number of jobs, will lead to the resolution of many other problems, as for example crime. After all, no one is born a criminal. But when you are deprived of work and you are eagerly embraced by various mafia and criminal groups... In the USA, I might add, it is the same... The vice-president of our fund, Nikolay Nikitenko, recently returned from America, where he visited the famous Silicon Valley, the kingdom of high technologies. It is deserted there. And today in the USA there are powerful forces at work, striving to resurrect the VPK.

How is it that in this situation the two countries will not once again turn into enemies? There is only one answer: It is necessary to oppose the emergence of a bipolar world with all our efforts. The past certainly does not necessarily have to be repeated. The emergence of a strong China, which provides a balance to our and the American interests, already signifies a multipolar world. And there may also be someone else...

If we implement such a foreign and domestic policy, we will roll back to "local nationalism," when our "enemies" are the Caucasians and the Jews. On the way to such a policy, we want to unite national industrialists, entrepreneurs and bankers into a party which could dictate its will based on the economic interests of Russia.

[Correspondent] And what is the reaction to your platform by those whom you are addressing: The captains of business and leading politicians?

[Vengerovskiy] I can say that there have been many useful contacts and conversations with interested persons. For some reason, they overlook the important fact that today in the country there is an ongoing process of pumping capital from the capital to the periphery. Before, 80-90 percent of the bank capital circulated in the capital. Now the valve has been opened, and the irritation of the periphery is declining. There will simply be no cause for a civil war. You may point to the unhappy "red directors" of the VPK, but even here the situation is changing. Some time ago, the fund for development of the VPK enterprises was created, and received very respectable sums from the budget. Most of the managers of enterprises are now ready to work.

[Correspondent] And could you divulge your sources of financing?

[Vengerovskiy] Unlike the LDPR, we have embarked upon the path of party construction, creation of a really active party of national entrepreneurs. And, of course,

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we receive financial aid from many of them. This has allowed us already today to create 30 branches of the fund throughout the country, including also in Tatariya, Bashkiriya and other republics, to organize a good analytical service (it is headed by the former scientific secretary of the foreign intelligence service), and a strong guard which, as you see, is not excessive. We are also planning the publication of a monthly journal.

[Correspondent] And one more, final, question. It has to do with the reason why you are in the hospital. This attempt on your life—was it meant to frighten you?

[Vengerovskiy] I had information to the effect that something was being planned against me already a month before the attempt on my life. At that time, I prepared a document—a statement to the Prosecutor General's Office. In it, I indicated the motives for a possible attempt on my life, at whose order it was being planned, etc. I gave several copies of this statement to persons who were close to me, primarily from among the deputies of the State Duma. It never got to the Prosecutor General's Office, since I am still alive.

They definitely wanted to kill me. In this you are mistaken. The bullet which hit me in the knee was fired by the killer at a running man, who is rather hard to hit. Having seen the killers, I immediately understood who they were, and began to run, and in zig-zags, I might add (I had my dog on a leash). Already after being wounded, I managed to run behind the corner of a house. One of the killers took aim directly at my forehead, but fate saved me—his "Makarov" jammed.

Russia: Deputy Premier Lobov on Current Issues

964E1827A Moscow KOMMERSANT-DAILY in Russian 11 Jul 96 p 2

[Article by Andrey Kuts: "Oleg Lobov's Debut: A Standard Innovation"]

[FBIS Translated Text] **The debuts of first deputy prime ministers in the Russian government are usually the same. The new person is instructed to head one of the routine government commissions and he conducts its first session in such a way that everyone understands that the new chief is not simply sterner than the previous one, but he thinks in state terms and attaches special significance to his commission. The post-election session of the commission on operational questions conducted for the first time by Oleg Lobov, who replaced Oleg Soskovets, met these standards in full.**

The session of the commission under Lobov even differed from the sessions under Soskovets outwardly. First, it lasted three hours (the record for the commission members staying in the Oval Hall of the White House under Soskovets's chairmanship was only two hours). And when they broke up, everyone agreed that they should meet even longer in the future. Secondly, absolutely everyone present spoke (sometimes even a small crowd appeared at the microphone). Under Soskovets the commission's members were by no means so active.

However, the behavior of Lobov himself rather than that of the commission's members attracted the main attention, needless to say. The new first deputy prime minister entered the Oval Hall with a broad smile and shook the hands of the members of the commission presidium (let us note that the full membership of the presidium was not present at the session; notably missing was Soskovets's favorite, minister of defense industry Zinoviy Pak). Lobov did not smile any more during the session. When minister of transport Nikolay Tsakh was giving a report on the first issue on the agenda, the program for the revival of Russia's merchant marine fleet, Lobov gazed impassively over the heads of those present. Tsakh emphasized the problems of budget financing and his ministry's work plans for 1996-2000. After the speech, he smartly answered the questions of presidium members and then considered discussion of the issue over—that was in fact how things went under Oleg Soskovets. But here Lobov took the floor. "Usually when budget financing is not fulfilled," he announced, "enterprises are more active in attracting their own capital. But why has your department activated only 11 percent of its internal sources? Where have the rest of the profits gone?" Tsakh attempted to make certain points in his defense, but Lobov, leafing through the statistical materials distributed at the session, flared up: "And on top of that you are asking for certain privileges? Why should you have privileges? So you can sleep better?" As a result, the commission declared the report by the minister of transport "unsatisfactory" and even "insufficiently self-critical." "Take a seat," Oleg Lobov said in displeasure. "Let the river fleet department explain to us now where the profits went to."

Those intending to speak headed toward the podium; they included representatives of Minfin [Ministry of Finance], Minekonomiki [Ministry of Economics], and Minoboronprom [Ministry of Defense Industry] and directors of shipbuilding enterprises and transport companies. All of them agreed with Lobov that internal reserves must be sought and they must not rely on the budget. But at the same time, they tried to somehow justify the minister of transport, whom it was painful to look at. Eventually the lost profits were found. The nonpayments of related enterprises proved to be to blame for everything; because of them all the profits went for

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various kinds of fines and penalties to tax organs. When the discussion of the first issue was close to an end, Nikolay Tsakh suddenly took heart again. He asked for permission to read a few other figures in his defense. But Oleg Lobov answered him: "You will read later. I hope we will not being seeing one another for the last time." The fear that it would indeed be the last one was written all over Tsakh's face.

"Tough," said the officials in the corridor who left the hall after the discussion of the first issue was over. They stood around even longer arguing with one another and sharing impressions. Some of them actually spread papers on their knees and made calculations. The discussion of the second issue was already underway in the Oval Hall at that time. It was entitled "on progress in realization of the program on standardization, certification, and uniformity of measurements." Oleg Lobov questioned the next person giving a report, the chairman of Gosstandart [RF Committee on Standardization, Metrology, and Certification] Sergey Bezverkin: "Why is the rate of updating of standards in your department 3 percent, while 10-15 percent is needed? What are your associates doing? Do they receive wages?" And at the end of the session, Lobov gave something like a program speech, saying that the commission should work primarily on operational issues, rather than be converted into an organ for discussion of "programs to be fulfilled before the year 2000." The commission's members gazed at him loyally.

Russia: Legality of Kalmykia's Law Considered

964E1827B Moscow KOMMERSANT-DAILY in Russian 11 Jul 96 p 3

[Article by Dmitriy Kamyshev under the rubric "Economics and Politics: The Political Life of the Regions": "President Ilyumzhinov Is Put in Check"]

[FBIS Translated Text] **The query of the president of Russia on the constitutionality of two laws of Kalmykia, including the law "On Election of the President," was received by the Constitutional Court Tuesday evening. However, Boris Yeltsin's appeal can hardly be considered an attack specifically against Kirsan Ilyumzhinov, who was elected head of the republic in accordance with the disputed law. Judging from everything, the Russian president has finally undertaken to resolve the problem of the conformity of regional and federal legislation, and Kalmykia simply appeared in the heat of the moment.**

Kirsan Ilyumzhinov is the focus of political and near-political scandals with enviable regularity. Having started his path in big-time politics with a promise to give Kalmykia's citizens $100 each if he was elected leader of the Republic, during the three years of his presidency, Ilyumzhinov has managed to argue and reconcile with Boris Yeltsin several times, to frighten all the local bosses with his initiative, in no way realized, to abolish republic constitutions along with the republics themselves, to be reelected president of Kalmykia for the term until the year 2002, and to be head of the International Chess Federation—on a two-jobs basis—and even conduct a Karpov-Kamskiy match.

Although the Kalmyk leader has disappeared into the shadows somewhat in the last half year, clearly preferring chess battles to political ones, it is clear that Moscow has not forgotten him. Strictly speaking, the scandal concerning the presidential election in Kalmykia began back last fall. The outcome of the 15 October vote where sole candidate Ilyumzhinov received 85 percent of the vote was almost immediately disputed by the Central Electoral Commission [TsIK]; they believed that uncontested elections directly contradict the Russian Constitution and the federal law "On the Fundamental Guarantees of Citizens' Election Rights." True, at that time the president of Kalmykia managed to get off with a mild scare: after a short but desperate skirmish between the leadership of the TsIK and the republic authorities (unanimously supported by the broad masses of Kalmyk workers), Moscow apparently decided not to complicate relations with the regional elites on the eve of the long drawn-out parliamentary-presidential election campaign. So the Central Electoral Commission had to "forget" about its claims for a time, while the query of a group of State Duma deputies concerning the constitutionality of the Kalmyk law on elections sent to the Constitutional Court in October was shelved.

But now, after the successful completion of the election battles, the Kalmyk question has once again become pressing. True, the doubts of the president of Russia over the constitutionality of republic laws still does not mean his dissatisfaction with Kirsan Ilyumzhinov personally: in the last 2.5 years, the head of Kalmykia has proven himself as one of Yeltsin's most loyal supporters, and the outcome of the last election is eloquent proof of that (in the republic Yeltsin received 60 percent in the first round and 70 percent in the second). It is simply that Moscow has been alarmed at the excessive initiative of the regional authorities in the law-making sphere for a long time and needed a "show-flogging" of one of the subjects of the Federation; Kalmykia apparently proved to be the most suitable candidate.

Moreover, as TsIK member Yuriy Vedeneyev noted in an interview with KOMMERSANT, which examined

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the "Kalmyk affair" at one time, the disputed laws are also dangerous because they actually legalize the practice of uncontested elections in the subjects of the Federation. And that has special significance in light of the fall campaign to elect governors and local organs of power. And in that situation, "putting in their place" provincials who are slightly carried away with sovereignty becomes a matter of honor for Moscow. As for Kirsan Ilyumzhinov himself, it remains merely to advise him that if this matter is brought to its logical conclusion, the president of Kalmykia, who in 1993 became one of the first regional leaders with no relationship to the former nomenklatura, has every chance of also becoming the first head of a subject of the Federation sacrificed to legality.

Russia: Federation Council Vetoes Restitution Law

964F2967A Moscow NEZAVISIMAYA GAZETA in Russian 19 Jul 96 p 2

[Article by Grigoriy Zaslavskiy under "Restitution" rubric: "'Aftermath of the Preelection Campaign': the Fate of the Law on Transferred Valuables Remains in a State of Suspension"]

[FBIS Translated Text] "Well, you won," said Nikolay Gubenko, former minister of culture of the USSR and now deputy chairman of the committee on culture of the State Duma, to Deputy Minister of Culture of Russia Mikhail Shvydkoy as he left the meeting hall of the Federation Council. Wednesday evening the Federation Council rejected the law "On Cultural Valuables Transferred to the USSR as a Result of the Second World War and Located in the Territory of the Russian Federation" passed by an overwhelming majority of votes of the State Duma immediately after the second round of the presidential election on 5 July. More than 300 deputies voted for it. The results of the voting in the Federation Council: 44 "for," 62 "against," and 16 senators abstained.

At a press conference in the Ministry of Culture of the Russian Federation, Deputy Minister of Culture Mikhail Shvydkoy, representing the interests of the ministry in the upper chamber of parliament, said that in his opinion it would be more correct to consider this law "a kind of aftermath of the preelection campaign," considering that it was prepared by the parliamentary group of the Communist Party of the Russian Federation.

Mikhail Shvydkoy did not conceal his satisfaction with the results of the voting in the Federation Council, because under the constitution, if a law does not affect budgetary matters, it did not have to be presented to the plenary meeting but the day before the senate committee on culture was able to approve the law. Hearings were nevertheless held and Moscow Mayor Yuriy Luzhkov took an active part in the discussion, as did representatives of the subjects of the Federation, whose interests were affected by the proposed bill. Initially it was proposed that the law be submitted to the conciliation board but in the end it was rejected definitively and now goes back to the State Duma. This decision was not even hindered by the tempermental speech of Nikolay Gubenko, who spoke, in the words of Mikhail Svydkoy, "in the best traditions of the theater, where he was an actor."

In the opinion of Mikhail Shydkoy, the law passed by the State Duma is unacceptable primarily because it provides for the nationalization of transferred cultural valuables and any nationalization presupposes 100-percent compensation (Article 306 of the Civil Code) and, if passed, such a law could lead to numerous financial claims. Finally, the law passed by the State Duma on 5 July 1996 referred to bilateral treaties of the 1940's and 1950's and, in the words of the deputy minister of culture of Russia, "a law from the end of the 1990's would exist in the legal field of the second half of the 1940's."

The Duma may make another attempt, changing the concept of the law somewhat or amending it article by article or—not very probable—agree that such a law is not needed at all. Precisely this, by the way, is what the Ministry of Culture thinks, considering that questions in connection with cultural valuables are sufficiently well regulated in the laws "On the Import and Export of Cultural Valuables" and "On Museums and the Museum Fund of the Russian Federation."

"Understand that no one intends to give up anything!," Mikhail Svydkoy said to journalists. But the whole thing is that the formula "temporarily transferred cultural valuables" was invented under Soviet authority. Under that authority, 1,600,000 items in storage were turned over to the former owners but after 1990 only two paintings and five books were turned over, whereby the last major transfer, that of a note library with manuscripts of German musical geniuses, was accomplished in 1990 by the then Minister of Culture of the USSR Nikolay Gubenko.

Mikhail Shvydkoy made special note of the fact that one should not link the Federation Council's rejection of the

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law "On Cultural Valuables..." with the harsh statements by Foreign Minister of the FRG Klaus Kinkel and other German politicians. "There are absolutely unacceptable demands of the German side for the unconditional return of all cultural valuables," said the deputy minister of culture of Russia. "It must be a matter only of a mutually beneficial equivalent exchange taking into account the fact that there are things such as the Fedorov Alphabet or the Gutenberg Bible that have sentimental meaning for both cultures."

Nikolay Gubenko, deputy chairman of the committee on culture of the State Duma, commented on the decision of the Federation Council specially for NEZAVISIMAYA GAZETA: "Of course it is unfortunate that the Federation Council, at whose initiative the Duma examined the law and passed it almost without any opposing votes, suddenly rejects it now." In the opinion of Nikolay Gubenko, when the head of the Rostov administration Mr. Chub, Moscow Mayor Luzhkov, and Deputy Minister of Foreign Affairs Mr. Krylov spoke in the Federation Council, "they in all probability were not familiar with the new version of the law or had only a superficial knowledge of it." Nikolay Gubenko recalled the words from the letter of the ministers of foreign affairs of the FRG and GDR to the leaders of the four allied countries on 12 September 1990: "Measures to confiscate property undertaken on the basis of the rights and supremacy of the occupation authorities in 1945-1949 are irreversible.... The governments of the Soviet Union and GDR do not see any possibility of reviewing the measures of that time. The Government of the FRG, considering the historical developments, takes this into consideration." Nikolay Gubenko thinks that "the demarche of the Federation Council is the absolute protection of German interests and I am envious," he said further, "that Germany has such serious support in the person of the members of the Federation Council." As for the assertion of the deputy minister of culture that Russia does not intend to return anything to Germany, Nikolay Gubenko noted: "That is what the words say but actually there are negoations with the sides making claims and I know that obligations have already been given." Nikolay Gubenko thinks that the main thing today is for the property removed to the Soviet Union after World War II to acquire a legal status, "otherwise it may always be the subject of dubious deals behind the backs of the governments." In accordance with the regulation, the State Duma will send an inquiry to the Federation Council with the request that it present its well-founded objections. It they correspond to the concept of the law proposed by the Federation Council itself, Nikolay Gubenko thinks that the Duma will consider these objections. If not, the State Duma will try to overturn the veto of the Federation Council.

Russia: Official's Dubious Commercial Transactions

964F2891A Moscow SEGODNYA in Russian 19 Jun 96 p 6

[Article by Stepan Dvornikov: "Financier, Titan, and Stoic; Some Incidents in the Rise and Fall of the Russian Agrarian Party's Second-in-Command"]

[FBIS Translated Text] After a three-month search for a suitable candidate for the top position in the Ministry of Agriculture and Food, Viktor Khlystun, who had occupied this office until October 1994, was reappointed to it by an RF presidential edict of 14 May 1996. His predecessor, Aleksandr Nazarchuk, the deputy of Agrarian Party leader Mikhail Lapshin, left a mountain of problems for his successor to solve. One of the results of this difficult task was the realization that a smart person can gain a great deal even from a single year as minister, especially after lengthy advance preparations.

Mr. Nazarchuk's economic rise began four years ago when he was chairman of the Altay Kray Agroindustrial Union, the president of the Agrosib agroindustrial corporation, and a deputy of the local legislative assembly. He decided to take a risk—and it turned out to be the right decision—and invest in a lucrative project for the export of Siberian stag antlers. "Altay-L, atmeo," the Russian-Swiss joint venture that was formed for the project with foreign partner Jan Alisadze, began collecting the scarce commodity. Virtually all of the directors of the kray's stag-breeding facilities were happy to sell their products only to this enterprise. They had to do this for two reasons. First of all, they wanted to keep Mr. Nazarchuk happy. Second, they wanted to avoid unpleasant confrontations with strangers of the Chechen nationality, who kept telling them how important it was to work exclusively with "Altay-L, atmeo."

Although the firm did not stay in business for long—it was operating without a license and in violation of tax laws—Mr. Nazarchuk had already managed to adapt to the new economic conditions and find his own niche in the market by the time the joint venture went out of business. Even before it closed, he invested in other important projects in the region. One of these was the "Soy" program, an ambitious project for the conversion of the local enterprise processing soybeans from Maritime Kray to work with sunflower seeds.

Its success exceeded all expectations: The state paid around 1.3 million dollars just for the planned work on the program, although the actual cost was 500(!) dollars. Later, in 1993, this particularly valuable production unit was privatized. Furthermore, several zeros were inexplicably lost in the financial documents, and the buyers paid 78 million rubles instead of 78 billion. The

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controlling block of 37 percent of the stock in the plant was purchased by a certain "Biams" firm, headed by Mr. Gaskov, who was also Aleksandr Nazarchuk's first deputy.

In addition to the success of the "Biams" firm, the business affairs of the Terra joint-stock company were also going well, in spite of its reputation in Altay Kray for the most outrageous markups on agricultural equipment. After buying 20 German combines at 190,000 marks in 1995, for example, Terra shipped them to Altay Kray at a price of 237,000 marks and then sold them at 320,000 marks. No one can say exactly why the rural inhabitants bought those combines instead of other, less expensive models.

At almost the same time as the sale of the "golden" combines, agricultural producers in Altay Kray purchased some even more surprising sugar refining equipment under the guarantee of their own kray administration. No one needed it, of course, because it met only German standards. In spite of this, producers in Altay Kray still owe 43 million rubles for this "scrap metal." As a result of all of these projects and agreements, the overhead costs of Altay production rose to the level of the food shipped in from the Seychelles or the Comoro Islands. Meanwhile, Altay products began to be displaced by the imports of some commercial structures. The indignant farmers accused Mr. Nazarchuk of backing these commercial structures, and these charges frightened Aleksandr Nazarchuk. That is probably the reason that he offered the people from his kray credits, totaling 300 billion rubles, from some Moscow commercial banks at a "ridiculous rate of interest" in 1995, when he was already the minister of agriculture (he was appointed to this office on 27 October 1994). He also offered them 60 billion rubles from the state.

An investigation was launched by the kray procuracy before agricultural producers in the kray had a chance to thank Mr. Nazarchuk for this present. By some strange route, billions in state revenue had ended up in the accounts of private foreign firms, and the Moscow banks heard about their "philanthropy" from the procuracy. In all, according to the information of the RF president's Main Legal Administration, by the beginning of 1996 the Ministry of Agriculture and Food and the Altay food corporation had contributed almost 200 billion rubles to the accounts of some Western firms, and this money is unlikely to return to Russia in the foreseeable future.

Mr. Nazarchuk was not that upset when he lost his ministerial seat in January. Leaving the debt-ridden agency to Viktor Khlystun, he calmly returned to the agro-industrial union and continued his work in earnest—presumably for the good of his homeland and his constituency.

Russia: Lebed's Security Council Staff Reform Seen

964F2961A Moscow MOSKOVSKIYE NOVOSTI in Russian 14-21 Jul 96 No 28, p 9

[Article by Aleksandr Zhilin, under the rubric "Security Council": "Reform According to Lebed"]

[FBIS Translated Text] **Aleksandr Lebed has begun to reform the RF President's Security Council.**

What will the new Security Council be like? There have been plenty of predictions in recent days. Predictions and alarm calls—will the Security Council become an uncontrolled power structure? Yielding to the general mood, the prime minister, for example, declared in advance that the Security Council would not be given any additional powers. "Analysts" who serve the interests of definite political and financial circles immediately began saying that Lebed was trying to make the power structures subordinate to himself, take them out from under the president's control, and so on, hinting that the general has sinister intentions, that he is supposedly ready to seize power in the country.

In conversation with our MOSKOVSKIYE NOVOSTI reporter the secretary of the Security Council explained his position this way:

"Analysis of the events of recent years showed that the president needs an effective tool to decide problems in the sphere of national security, to monitor and control the power structures. The Security Council is supposed to become that tool. This organ will above all provide the head of state with honest and objective information about the state of the power ministries. I think that in the near future the Security Council will develop recommendations on how to reform the power structures. But I emphasize that the final decisions on the particular issues are the prerogative of the president alone, and no one has the right to infringe on that. Another task for the Security Council is ensuring full and unconditional fulfillment of decisions made by the president. Responsibility for failure to perform them should be strictly personalized so that the president's own reputation will not have to suffer because of the stupidity or irresponsibility of this or that official or general."

The Statute on the Security Council ratified by presidential edict does not really give Aleksandr Lebed personally any additional powers. But the functions of the Security Council are significantly broadened.

This organ will now be involved in all problems related to national security. Its jurisdiction includes examination

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of the issues of the state's domestic, foreign, and military policy in the sphere of ensuring the security of the individual, the society, and the state, as well as preparation of corresponding decisions for the president. The monitoring functions of the Security Council are increased.

Any conception of national security presupposes that the power structures should operate in a single military-political channel. But in Russia everything is otherwise; each power minister operates as he sees fit. This gives rise to a complete lack of mutual understanding and cooperation among the departments, which showed clearly during the well-known events in Pervomayskoye.

The General Staff formerly exercised this kind of centralized direction. It is in a crisis state today and cannot carry out its former functions. It will take time to restore the former effectiveness of this control structure. This is part of the reason that Aleksandr Lebed proposed forming a military council at the Security Council. This organ will permit the power ministers to solve problems together, beginning from the interests of national security, budget capabilities, political expediency, and the like. The representatives of the president, the government, and the parliament who take part in the military council will get an opportunity to monitor the power departments and influence their actions.

The president cannot get by without centralized direction of the power structures in carrying out the program to fight corruption and crime either. In this case not only the final result but many lives depend on coordinated actions by law enforcement organs, the special services, and special subunits. This is not to mention keeping the strategy and tactics of this fight secret.

We can guess that the Security Council as a whole and secretary Aleksandr Lebed will have plenty of enemies. That is not surprising. After all, the system of total irresponsibility and impunity of the state apparatus, which is enriching both government officials and the mafia fabulously, finds itself threatened. The governmental magnates and mafia bosses are already uniting to fight attempts to establish order.

Russia: Statute on Covert Data Gathering Equipment

964F2919A Moscow ROSSIYSKAYA GAZETA (BIZNES V ROSSII Supplement) in Russian 13 Jul 96 p 10

[Text of Russian Federation Government Statute: "On Licensing Activity of Individuals and Legal Entities Who are Not Authorized to Perform Operative-Search Activity Associated With Development, Production, Sale, Acquisition for Sale, Import Into the Russian Federation and Export Beyond its Boundaries of Special Technical Means Intended (Developed, Adapted, Programmed) for Covert Information Gathering," ratified by Russian Federation Government decree dated 1 July 1996, No 770. Followed by list of special types of technical means intended (developed, adapted, programmed) for covert information gathering in the process of implementation of operative-search activity, ratified by decree of the Russian Federation Goverment dated 1 July 1996, No 770. Also included is Russian Federation Government decree implementing said statute and list, dated 1 July 1996, No 770, and signed by Chairman of the Russian Federation Government V. Chernomyrdin in Moscow]

[FBIS Translated Text]

Text of statute

1. The present statute, developed in accordance with the federal law, "On Operative-Search Activity," (Collected Legislation of the Russian Federation, 1995, No 33, p. 3349), and with the Edict of the President of the Russian Federation dated 9 January 1996, No 21, "On Measures for Regulating the Development, Production, Sale, Acquisition for Purposes of Sale, Import into the Russian Federation and Export Beyond its Boundaries, and Likewise Use of Special Technical Means Intended for Covert Information Gathering" (Collected Legislation of the Russian Federation, 1996, No 3, p 153), defines the regulations for issuance of licenses for the appropriate activity on development, production, sale, acquisition for sale, import into the Russian Federation and export beyond its boundaries of special technical means intended for covert information gathering (henceforth referred to as activity associated with special technical means).

2. Activity associated with special technical means and performed by legal entities, regardless of their organizational-legal form, and by individual entrepreneurs who are not authorized to perform operative-search activity is subject to licensing.

3. Licensing of activity associated with special technical means is performed by the Federal Security Service of the Russian Federation and its territorial agencies (henceforth referred to as licensing agencies).

4. Activity associated with special technical means is permitted on the basis of request of agencies performing operative-search activity, or on the basis of appropriate agreements with foreign partners after performance of an expert evaluation of the stated type of activity by the licensing agencies.

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5. The following types of activity associated with special technical means are subject to licensing:

a) development and production of special technical means;

b) sale of special technical means;

c) acquisition of special technical means for purposes of sale, import into the Russian Federation and export beyond its boundaries.

6. In order to obtain a license, the applicant must submit the following documents to the appropriate licensing agency:

a) application for issuance of license with indication of the following:

—for legal entities: Their name and organizational-legal form, legal address, current account number and name of authorized bank;

—for individual entrepreneurs: Surname, name and patronymic, passport data (series, number, when issued and by whom), place of residence;

—type of activity associated with special technical means and specific name of special means;

—term of validity of the license;

b) copies of constituent documents;

c) copies of certificate of state registration of legal entity;

d) certificate from tax agency certifying placement on account or certificate of state registration of individual as an individual entrepreneur, with stamp of the tax agency;

e) copies of documents confirming the right of ownership, the right of economic management of property necessary for performance of the stated type of activity associated with special technical means, and (or) property lease agreement;

f) documents confirming provision of security of stated type of activity associated with special technical means (including sanitary security and fire and explosive safety);

g) data on standards-methodological provision, organizational-technical capacities and material-technical provision for fulfillment of the appropriate type of activity associated with special technical means (in accordance with form established by the Russian Federation Federal Security Service);

h) information on professional training of specialists who will be performing stated type of activity associated with special technical means (in accordance with form established by the Russian Federation Federal Security Service);

i) agreement with licensing agency on performance of expert evaluation of stated type of activity associated with special technical means (in accordance with form established by the Russian Federation Federal Security Service);

j) request of agency performing operative-search activity or appropriate agreement with foreign partner for the stated type of activity associated with special technical means (submitted no later than 3 months from the day of receipt of the license);

k) document confirming payment of application review fee.

Demands for submission by the applicant of documents not specified in the present statute are prohibited.

If the copies of the submitted documents have not been notarized, their originals are submitted at the same time.

All documents submitted for receipt of a license are registered by the licensing agency.

7. Review of the application for issuance of license and issuance of the license are performed for a fee.

The fee for application review is established in the amount of one-tenth of the minimal amount of the labor wage specified by law.

The fee for issuance of a license (or its copy) is established in the amount of three times the amount of the minimal labor wage specified by law.

If an additional expert evaluation is performed (including an independent one), the expenditures associated with it are not included in the specified licensing fee, and are paid separately.

8. The decision to issue or refuse issuance of a license is adopted within 30 days from the day of receipt of the application, along with all the necessary documents.

If a supplemental (including independent) expert evaluation is performed, such decision is adopted within 15 days from the day of receipt of the expert conclusion, but no later than 60 days from the day of filing the application with all the necessary documents.

In individual cases, depending on the complexity and volume of materials subject to expert appraisal, the term of adoption of the decision on issuance or refusal to issue the license may be prolonged for up to 30 days by the chief of the licensing agency.

9. The license is issued for a term of no less than 3 years. At the request of the person applying for receipt

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of the license, the license may be issued for a term of up to 3 years.

Extending the term of validity of the license is performed in accordance with the procedure established for its receipt.

A separate license is issued for each type of activity associated with special technical means. The licensee may have licenses for several types of such activity.

The license is signed by the chief (in case of his absence by the deputy chief) of the licensing agency, and verified by the seal of this agency.

10. Licenses are drawn up on standard blank forms, which have a degree of protection at the same level as securities payable to the bearer, and are documents of strict accountability, with an accounting series and number.

The license specifies:

—the name of the agency issuing the license;

—for legal entities: The name and legal address of the licensee;

—for individual entrepreneurs: The surname, name and patronymic, passport data (series, number, where issued and by whom), and place of residence;

—type of activity associated with special technical means for whose performance the license is being issued, and the conditions of such performance;

—term of validity of the license;

—registration number and date of issue of the license.

The license is issued after the applicant submits a document confirming that the licensing fee has been paid.

Transfer of a license to another legal entity or individual is prohibited.

If the licensed type of activity is performed at several territorially separate facilities, at the time of issuance of the license the licensee is also given its notarized copies, with indication of the location of each facility.

Copies of the license are registered by the licensing agency.

11. Upon liquidation of a legal entity or expiration of a certificate of state registration of an individual entrepreneur, the issued license loses its legal validity.

In case of reorganization, change of name of a legal entity or its legal address, change in passport data of an individual entrepreneur or his place of residence, or loss of license, the licensee must file an application for re-issuance of the license within a 15-day period.

Re-issuance of the license is performed in accordance with the procedure specified for obtaining the license.

Prior to re-issuance of the license, the licensee performs activity on the basis of the previously issued license, and in case of its loss—on the basis of a temporary permit issued by the licensing agency.

12. The licensing agency has the right to refuse issuance of the license.

Notification of refusal to issue a license is provided to the applicant in written form within a 3-day period after adoption of the appropriate decision, with indication of the reasons for refusal.

Grounds for refusal of issuance of a license are:

—presence of unreliable or distorted information in the documents submitted by the applicant;

—negative conclusion of expert review.

13. The licensing agencies may suspend or revoke a license in the following cases:

—submission of appropriate application by licensee;

—discovery of false data in documents submitted for receipt of the license;

—licensee's violation of conditions of validity of the license;

—appropriate submission of agency performing operative-search activity, by request of which the activity associated with special technical means is being performed;

—licensee's failure to fulfill orders or directives of state agencies or termination of activity of a legal entity, as well as of an individual entrepreneur in accordance with Russian Federation legislation;

—licensee's failure to submit the application of the agency performing the operative-search activity, or the agreement with a foreign partner, within a 3-month period from the day of receipt of the license;

—liquidation of the legal entity or expiration of certificate of state registration of an individual acting as an entrepreneur.

Within 3 day's time from the moment of adoption of the decision to suspend the validity of the license or to revoke it, the licensing agency must inform the licensee and the agencies of the State Tax Service of the Russian Federation about this decision.

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In case of change of circumstances entailing suspension of the license, its validity may be renewed.

The license is considered renewed after the licensing agency adopts the appropriate decision, notification of which is given to the licensee and the agencies of the State Tax Service of the Russian Federation no later than within 3 day's time.

Suspending the effectiveness of the license may also be performed by other agencies to whom this right has been granted by Russian Federation legislation.

14. Licensing agencies keep a register of issued, registered, suspended and revoked licenses.

15. The licensee is obligated to:

—fulfill the conditions of the license for the duration of its full term of effectiveness;

—allow persons appointed by the licensing agencies to perform inspection of the activity which they are engaging in and which is associated with special technical means;

—report to the licensing agency on the termination of their activity associated with special technical means;

—return the license and terminate activity for the performance of which it was issued, on the basis of decision of the licensing agency;

—respond in written form to inquiries of the licensing agencies regarding the performance of activity associated with special technical means.

The licensee does not have the right to advertise the special technical means produced or sold by him without the permission of the contractor—the agency performing operative-search activity, or the foreign partner.

16. Control over adherence to conditions specified in the license is performed by the licensing agencies, with involvement of the internal affairs agencies and other agencies performing operative-search activity in necessary cases.

17. Persons guilty of performing activity associated with special technical means without a license or in violation of its condition bear responsibility in accordance with the procedure specified by the Russian Federation legislation.

18. Directors and other officials of the licensing agencies bear responsibility for violation or improper fulfillment of the requirements of the present statute.

19. Decisions and actions of the licensing agencies may be appealed to the judicial organs in accordance with the established procedure.

List of types of special technical means intended (developed, adapted, programmed) for covert information gathering in the process of performance of operative-search activity

(Ratified by statute of the Russian Federation Government dated 1 July 1996, No 770.)

1. Special technical means for covert gathering and recording of acoustic information.

2. Special technical means for covert visual observation and documentation.

3. Special technical means for covert monitoring of telephone conversations.

4. Special technical means for covert interception and recording of information from technical communications channels.

5. Special technical means for covert control of postal notices and mailings.

6. Special technical means for covert inspection of objects and documents.

7. Special technical means for covert entry and search of buildings, transport means and other objects.

8. Special technical means for covert control over movement of transport means and other objects.

9. Special technical means for covert reception (alteration, destruction) of information from technical means, its storage, processing and transmission.

10. Special technical means for covert identification of personal identity.

Russian Federation Government Decree, "On Ratification of the Statute on Licensing Activity of Individuals and Legal Entities Not Authorized To Perform Operative-Search Activity Associated with the Development, Production, Sale, Acquisition for Sale, Import Into the Russian Federation and Export Beyond its Boundaries of Special Technical Means Intended (Developed, Adapted, Programmed) for Covert Information Gathering," and the "List of Types of Special Technical Means Intended (Developed, Adapted, Programmed) for Covert Information Gathering in the Process of Performing Operative-Search Activity."

The Government of the Russian Federation **hereby decrees:**

1. That the proposed "Statute on Licensing Activity of Individuals and Legal Entities Not Authorized to Perform Operative-Search Activity Associated With Development, Production, Sale, Acquisition for Sale, Im-

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port Into the Russian Federation and Export Beyond its Boundaries of Special Technical Means Intended (Developed, Adapted, Programmed) for Covert Information Gathering," and the "List of Types of Special Technical Means Intended (Developed, Adapted, Programmed) for Covert Information Gathering in the Process of Performing Operative-Search Activity" shall be ratified.

2. The Federal Security Service of the Russian Federation shall establish the procedure of registration and accounting of special technical means intended (developed, adapted, programmed) for covert information gathering which are developed, produced, sold, acquired for sale, imported into the Russian Federation and exported beyond its boundaries by persons who are not authorized to perform operative-search activity.

3. The present statute shall become effective as of 1 October 1996.

[Signed] Chairman of the Government of the Russian Federation V. CHERNOMYRDIN

1 July 1996
No 770, Moscow

Russia: Diplomat Accused of Spying for UK Profiled

964F3048A Moscow NEZAVISIMAYA GAZETA in Russian 25 Jul 96 p 1

[Article by Andrey Streletskiy, under rubric "Intelligence Service": "The Name of the MI-6 Agent Is Mentioned: Platon Obukhov is threatened with a long prison sentence"]

[FBIS Translated Text] In early May 1996 in the relations between Russia and Great Britain there arose a crisis that was caused by the arrest in Moscow of a Russian citizen who was an agent of the British MI-6, or SIS (Secret Intelligence Service). The conflict was resolved by reciprocal deportation — each country departed four diplomats — and by reciprocal assurances by official representatives of the foreign-policy departments of Russia and Great Britain to the effect that this incident would not spoil the relations between the two countries.

Representatives of the FSB [Federal Security Service] Public Relations Center, with the sanction of the leadership of counterintelligence, issued extremely laconic information concerning the detained agent himself: he is young, an employee of MID [Ministry of Foreign Affairs], he used to work in one of the key departments, and he had access to information that constitutes a state secret. Journalists were given to understand that investigators at "Lefortovo" [Prison], where the exposed spy was incarcerated, are categorically against any leakings to the press of additional information concerning this sensational case.

However, as is generally known, it is impossible to set up a solid barrier to such leaks in Russia. As for certain delicate circumstances in this history, almost immediately after the agent's arrest a NEZAVISIMAYA GAZETA correspondent learned from reliable sources in the Russian intelligence services that the FSB considers this operation to be one of its greatest successes in recent time. The people who were especially jubilant were the employees in the technical administrations, who had got their hands on state-of-the-art spy equipment. Experts are currently practicing witchcraft with it, and they excitedly say, "Not even we had anything like this!"

According to employees of the Russian intelligence services, the English have really slipped up. First of all because of their arrogant attitude toward the FSB, which organization, they assured the recruited agent, is in a crisis situation and is incapable of effectively fighting the Western intelligence services, particularly such a powerful one as MI-6. The agent believed that, lost his vigilance, and committed several fundamental errors.

Incidentally, there is another likely version: a Moscow source in one of the Western intelligence services reported information concerning the MI-6 agent. In this instance there arises the topic of a "second Ames," a topic which, one must assume, is currently being actively studied at MI-6.

For contact with the agent, the English used 14 (yes, 14!) intelligence officers who were working in Moscow under diplomatic cover. That is an unprecedented situation for MI-6. Such a large team of "contacts," the professional training of whom was extremely uneven, only helped FSB to gather the necessary basis of proof for arresting the spy and for the diplomatic demarche.

An essential detail was added to the information concerning the agent's identity: he is the son of an ambassador to one of the Western countries, who in the past had been a highly placed employee of the Russian MID [Ministry of Foreign Affairs].

All of this information was reported to the NEZAVISIMAYA GAZETA correspondent under conditions of complete anonymity and with that correspondent pledging not to divulge the information he had received until the agent's name was mentioned.

Then, all of a sudden that name became know. Platon Alekseyevich Obukhov, 28 years of age, graduate of

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MGIMO [Moscow State Institute of International Relations], an a former employee in the MID North American Department. The first publication to publish this information was the Danish EXTRABLADET newspaper, in its 17 July 1996 issue. The sensational article also states that the English had recruited Obukhov in the mid-1990's either on Spitzbergen, where he was working in a Russian representation, or in Oslo. According to the Danish journalists, people at the FSB had refused to comment on that information.

Well, then, the secret became known, and the FSB began to issue the details concerning the case of the English spy. The first batch of intriguing information was published in yesterday's issue of the weekly AiF [ARGUMENTY I FAKTY]. The author, Yu. Semenov, in his article "Death Game." gave what he considers to be many fascinating details about the personality of Platon Obukhov. At such time he emphasized the negative human qualities of the hero of the spy drama: his repulsive nature, his cynicism, his attraction to perversions). Incidentally, concerning those who had contacts with foreign intelligence, what is said is either bad, or nothing at all. That is the law of the intelligence services.

There is one thing that is indisputable — Platon Obukhov, by his own hands, ruined his own extremely well provided-for and promising life, and caused irreparable psychological damage to his family. Platon's mother, father, and younger brother are experiencing a profound shock, from which it is extremely complicated to emerge in a situation such as this. However, it must be done.

Aleksey Aleksandrovich Obukhov, Platon's father, actually is a very important and extremely respected diplomat. Until May 1996 he was Russia's ambassador to the Kingdom of Denmark. Aleksey Obukhov is a candidate of historical sciences, and has been working in the system of the Ministry of Foreign Affairs since 1965. In the 1980's he was an active participant in the Soviet-American SALT-II negotiations, heading one of the working groups. In 1990-1991 he was USSR deputy minister of foreign affairs.

All things considered, a closed trial dealing with the Platon Obukhov case will be starting soon. The sentence will undoubtedly be a stiff one. As is generally known, prior to 1 January 1996 the UK RSFSR [RSFSR Criminal Code] was in effect. Article 64, paragraph "a" of that code ("Treason"), stipulated punishment in the form of imprisonment for a period of from 10 to 15 years, or capital punishment. Since the Criminal Code of the Russian Federation has gone into effect, the death penalty will no longer be applied for espionage on behalf of foreign intelligence services.

Most probably, Platon Obukhov will escape the death penalty. In any case, no death penalties have been imposed with respect to exposed spies in Russia for several years. The last time was in the mid-1980's, when there was a mass execution of KGB and GRU officers who had been betrayed by former CIA employee Aldrich Ames, who today is serving a life sentence in the United States. Incidentally, prolonged incarceration in prison for Platon Obukhov could theoretically be reduced by exposure of a Moscow agent in one of the West's intelligence services. In that case it is completely possible that the question of an exchange of spies could be put on the agenda.

Russia: General Prosecutor's Meeting on Corruption

964F2960A Moscow MOSKOVSKIYE NOVOSTI in Russian 14-21 Jul 96 No 28, p 8

[Article, under rubric "Document": "Yuriy Chayka: 'Capital Is Being Used To Bribe Officials'"]

[FBIS Translated Text] **The recently held meeting of the board of the General Prosecutor's Office was completely devoted to questions of corruption. The materials pertaining to the board meeting were not published anywhere. The editorial office of MOSKOVSKIYE NOVOSTI has at its disposal the texts of the basic report made by deputy General Prosecutor Yuriy Chayka and the concluding statement by General Prosecutor Yuriy Skuratov. With the consent of the General Prosecutor's Office we are publishing excerpts from those documents.**

The process of redistributing state property in the country, and of developing new economic relations, is accompanied by numerous instances of the coalescence of the state apparatus and the commercial structures, and by the use by unscrupulous employees of their official position in private affairs... The specifics of the situation consists in the unprecedently broad scope of the initial accumulation of capital, a considerable share of which is being channeled into the bribing of officials. Nontraditional forms of bribery are being put into motion: the payment of expensive trips abroad; preferential credit; promises to give a person a highly paid position after retirement from state service; and the inclusion of officials as members of the councils of commercial structures or their cofounders....

Among the mercenary official crimes, the taking of bribes is especially widespread. During the past three years, more than 14,000 such crimes have been registered, of which every third one has been revealed in the

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systems of the state and municipal services. But that is only the tip of the iceberg. Its latency is very great. Most frequently bribery is used to obtain credit and subsidies, to lease accommodations, to obtain licenses, or to carry out registration measures of various kinds.

The largest number of abuses are committed by representatives of the administration of subjects of the Federation, cities, rayons, and settlements... In Amur Oblast the administration head created a mortgage foundation, including in its makeup deposits of gold and coal and forest areas with a total value of $17 billion. The right to complete economic management of these natural objects was given to the "Arinkor Zeya" joint-stock company...

Official crimes have found a fertile breeding ground in the federal systems of Goskomimushchestvo [State Committee on the Administration of State Property], Tsentrobank [Central Bank], Minzdravmedprom [Ministry of Health and the Medical Industry], Minselkhoz [Ministry of Agriculture], Ministry of Defense, the Customs Committee... Last year more than a thousand crimes linked with privatization were revealed... One person who was brought to criminal responsibility was first deputy of Goskomimushchestvo Mostovoy, who, according to data provided by investigative agencies, committed malfeasance while he was a representative of the state in a joint-stock company, and who included in the company's documents changes that enabled a foreign investor to purchase foundation shares at an artificially lowered price, thus causing the state a loss of $215 million. Individuals who have been sentenced for having taken bribes were Bezzuubov, deputy chief of an RF Goskomimushchestvo administration; Belov, a main specialist at the Moscow Property Foundation; and a number of officials in those agencies in St. Petersburg and in Moscow, Orel, and Sverdlovsk oblasts.

With increasing frequency, workers at Central Bank of Russia and its territorial administrations have been falling into the field of vision of the law-enforcement departments. The crimes that are widespread there include not only the taking of bribes, but also thefts, fraud, and other mercenary abuses. In the course of auditing the Bank of Russia, a criminal case was initiated with regard to an instance of the undocumented transferral by the international operations administration to a foreign firm of $198,000. Persons who were exposed as bribe-takers included Setdikov, chief of the central operational administration of the Bank of Russia; Argunov, chief of the TsRB [Central Bank of Russia] main administration for Altay Kray; and Butok, head of a branch of Central Bank in Estonia, who used forged documents to withdraw 500 million rubles from the bank system.

Tsentrobank, together with a number of commercial enterprises, founded the "Globalnyye informatsionnyye sistemy" (GIS) [Global Information Systems] joint-stock company, transferring $964,000 as their contribution to the statutory capital. That bank acted as the customer, and GIS acted as the subcontractor for developing and creating satellite-communications equipment. The system was initially planned with surplus capacities for the Bank of Russia, which will require no more than 70 percent of the resources. The remaining capacities will be used on a commercial basis. Essentially speaking, Tsentrobank entered the commercial enterprise as a founder. During a three-year period it spent for those purposes $118.8 million. All the material assets, including a former military site in the settlement of Nudol, are carried on the balance sheet of the joint-stock company, which has stopped giving reports even to tax agencies...

Banking activity today is the richest sector for crime in the economy. The central operational administration under the Bank of Russia, which is not a legal entity, issued 18 billion rubles of credit to commercial banks. Cases involving the recovery of the indebtedness that arose do not have any judicial prospect, since the credit was issued by an unauthorized individual...

In recent years the country's law-enforcement agencies have been experiencing great difficulties. Last year that system registered 166 instances of bribe-taking. Persons who have been arrested and will soon appear in court are Petrenko, former chief of the construction administration of that ministry, and Shirshov, chief of the financial-planning administration, both of whom stole monetary funds with a total of 2.5 billion rubles. Crimes that are of a mass nature are the malfeasances committed by officials in the system of the agroindustrial complex. Trillions of rubles that are allocated annually for the development of agriculture frequently disappear like water poured onto the sand. Budgetary funds are deposited by entrepreneurs in commercial banks and are used to pay off previously obtained credit, to purchase cars and consumer goods, and for other purposes that are not linked with agricultural production, and sometimes are simply stolen.

The institution of representatives of the state in joint-stock companies has been largely compromised. A few of these representative have actually been betraying the state's interests.

There have been many official crimes in the systems of the MVD, the State Customs Committee, Gosnalogosluzhba [State Tax Service]...

Last year militia workers committed a total of approximately 1500 official crimes and crimes directed against justice. A total of 483 bribes were registered. There

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have been many instances when workers in the militia and other law-enforcement agencies have joined up with entrepreneurs or have created commercial enterprises themselves. The General Prosecutor's Office is currently handling a criminal case involving a criminal group that included a responsible worker in the Moscow Oblast GUVD [main administration of internal affairs; a professor at the RF MVD Higher School; an assistant to one of the Moscow interrayon prosecutors; and a deputy chief of the capital's criminal investigation department, all of whom took bribes from criminals in exchange for their cooperation in changing the preventive measure and in stopping the proceedings in criminal cases. In Magnitogorsk, Chelyabinsk Oblast, a criminal case was initiated with regard to a chief of the UVD OBEP [Department for the Fight Against Economic Crime] and his deputy, both of whom were detained when caught red-handed in the act of taking a bribe in the amount of 250 million rubles from he leadership of a private firm.

Individual investigators coerce persons who have been victims of criminal acts to give them presents and monetary rewards. The St. Petersburg City Court sentenced Akhromov, senior investigator at the Primorskiy ROVD [Rayon Department of Internal Affairs], who had taken a bribe from a victim.

Last year prosecutors initiated 153 criminal cases against 249 customs officials who had been exposed as bribe-takers. A situation that causes discomfort is the situation that has developed in the system of the State Tax Service. In 1995 a total of 103 official crimes were registered there, with 58 of them being instances of bribe-taking. The prosecutor's office of the city of Syktyvkar has initiated a criminal case with regard to the chief of a department of the Syktyvkar State Tax Inspectorate and a tax inspector, dealing with instances in which they took large bribes from the managers of commercial structures in exchange for their cooperation in evading taxes. Last year the tax police alone identified 270 instances of the illegal participation of tax inspectors in entrepreneurial activity...

The restoration of order in the ministries and departments must begin with an awareness by the managers themselves of their increased responsibility for the state of affairs. Meanwhile it must be asserted that, despite the law, Materov, first RF deputy minister of economics; Bratukhin, deputy chairman of the former RF State Committee for Defense Branches of Industry; and Lapitskaya, manager of the Industry Department of RF Minfin [Ministry of Finance], up until the intervention by the prosecutor's office, were members of the Directors' Council of one and the same private enterprise in Sverdlovsk Oblast...

Quite recently a term that has been used everywhere is "new Russians," but already we are thinking more and more frequently about the method and means by which most of them got their wealth and prosperity. The virus of corruption that has infected the sphere of entrepreneurship will have a negative effect for a long time both on the structures of authority and management, and on the moral climate of society...

Russia: Decree on Criminal, Civil Case Examination

964F2897A Moscow ROSSIYSKAYA GAZETA in Russian 10 Jul 96 p 6

[Text of the Decree of the Plenum of the RF Supreme Court "On Performance by Courts of Decree No. 7 of the Plenum of the RF Supreme Court, dated 24 August 1993 and Entitled 'On Times for Hearing Criminal and Civil Cases in RF Courts'"]

[FBIS Translated Text] Having discussed the results of the summary of the practice of RF courts in complying with procedural times for hearing criminal and civil cases, the Plenum observes that Decree No 7 "On Times for Hearing Criminal and Civil Cases in RF Courts," dated 24 August 1993, has had a marked effect in forming a more responsible and principled attitude among judges towards compliance with procedural times for hearing court cases.

The chairmen of rayon (city) and higher courts have significantly tightened their demands of judges and administrative employees with respect to their compliance with the norms of the law that regulate the times for handling criminal and civil cases in court as well as taking other organizational, nonprocedural measures to ensure timely hearing of cases.

Where cases of flagrant or systematic delay that significantly infringe on the rights and legal interests of citizens have been identified, especially if it involved holding a defendant in jail for an unjustifiably long time, firm steps have been taken, going so far as to terminate the powers of certain judges.

However, a fundamental turning point still has not been achieved. This is illustrated by the fact that in 1995 the procedural times were violated in about 20 percent of criminal cases and 15 percent of civil cases heard by rayon (city) courts. The principal reasons for this continue to be shortcomings and omissions in the activities of courts, related above all to unsatisfactory organization of the judicial process, poor performance discipline, and inadequate monitoring of the activity of courts by their chairmen.

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It is still common for cases to be set for court review at times that are known to violate Article 223-1 of the RSFSR Code of Criminal Procedure and Article 99 of the RSFSR Code of Civil Procedure, sometimes several months after they are received at the court, even including cases where the defendant is imprisoned.

As before, one of the causes of delay is unfounded postponement of the hearing of criminal and civil cases because of superficial study of them during preparation for the hearing, untimely notice to participants in the trial, improper organization of the court session, and the like.

Unsatisfactory preparation of cases for the hearing and superficial study of the evidence during the court hearing inevitably lead to frequent reversal of verdicts and judgments on an appeal or supervisory basis; moreover, they increase without justification the time until a final decision is made.

There are still numerous cases of untimely preparation of trial records in criminal cases and untimely familiarization of the parties with them, which leads to violation of the times for sending cases up to appeal courts on appeal or protest.

Along with this the Plenum determines that times for hearing of court cases continue to be under a significant negative impact from factors such as the trial workload per judge, which is growing each year, improper personnel and resource support for judges, inadequate work by the escort subdivisions of internal affairs organs, the lack of the necessary number of people's assessors, the avoidance of participation in court trials by many lawyers in conformity with Article 49 of the RSFSR Code of Criminal Procedure, and failure of internal affairs organs to carry out court orders for mandatory delivery of witnesses and victims and the hunt for fugitive defendants.

In order to ensure that courts comply strictly with the procedural times for hearing criminal and civil cases the Plenum of the RF Supreme Courts

decrees:

1. The attention of judges of the Russian Federation is directed to the fact that irreproachable compliance with procedural times for hearing criminal and civil cases is one of the important factors in strengthening legality in the administration of justice and protecting the rights and lawful interests of participants in judicial proceedings.

2. The chairmen of courts must constantly monitor precise organization of judicial proceedings to guarantee that criminal and civil cases are handled at proper times in the courts. They must not allow instances of delay and must take appropriate steps in cases of flagrant or systematic violation of the times established by law for hearing cases, especially if this has caused defendants to be held in prison for unjustifiably long times.

3. It is recommended that the Supreme Courts of republics, the kray and oblast courts, the city courts of Moscow and St. Petersburg, and the courts of the autonomous oblast and autonomous okrugs not slacken their supervision of compliance by rayon (city) courts with times for hearing criminal and civil cases and that they respond appropriately to violations.

4. The division for summarizing judicial practice together with the judicial panel of the Supreme Court of the Russian Federation in the second half of 1997 will summarize court practice with regard to in with the times established by law for hearing cases and with performance of Decree No 7 of the Plenum, dated 24 August 1993 and entitled "On Times for Hearing Criminal and Civil Cases by Courts of the Russian Federation."

Chairman of the RF Supreme Court V. M. Lebedev

Acting Secretary of the Plenum, Judge of the RF Supreme Court S. A. Razumov

Russia: New Criminal Code Criticized

964F3010A Moscow ROSSIYSKAYA GAZETA in Russian 18 Jul 96 p 5

[Article by Dr of Juridical Sciences Gennadiy Tumanov, professor, and Dr of Juridical Sciences Sergey Maksimov, member of the Union of Criminologists and Criminalists: "Have the Interests of the State Been Weakened?]

[FBIS Translated Text] The Criminal Code of the Russian State signed by the president of Russia on 13 June 1996 secured the hierarchy of values of a developed state proclaimed in the Basic Law: person, family, society, and state. The norms on the liability for offenses against the basic interests of the state were moved from the beginning of the special part of the criminal law to its very end. The pyramid of priorities of penal-legal protection was inverted. From the point of view of the theory of domestic criminal law, however, such a change at least points out the loss of the undisputed monopoly of the state on the best protection of its basic interests by all available means, including psychological.

In this connection, the question naturally arises of the weakening of the penal-legal protection of the main state interests. Should one perceive what has taken place as

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a necessary condition in the building of a democratic society?

To answer these questions, it is necessary to turn to an analysis of the differences between the new Criminal Code and the Criminal Code of the RSFSR that continues to be in effect until 1 January 1997.

The lawmaker divided the first chapter of the Special Part of the Criminal Code of the RSFSR from 1960, "State Crimes," into two parts: especially dangerous crimes against the state and other state crimes. Among the 35 kinds of state crimes, by no means all corresponded in terms of their degree of danger to the concept of a criminal infringement of basic state interests. For this it is sufficient to take a look at the sanctions of the norms establishing the liability for the individual kinds of state crimes: intentional crossing of the national border of the Russian Federation with valid documents but at an undetermined place or in avoidance of border control (Part 4 of Article 83)—maximum punishment one year imprisonment; the illegal removal, moving, or destruction of border signs without extenuating circumstances—maximum punishment three years imprisonment. It should be stressed that the latest norms were included in the Criminal Code of the RSFSR in 1995. Thus, there was justification for careful differentiation of state crimes in accordance with the degree of public danger even before the adoption of the new Criminal Code.

At the same time, the sanctions of a number of norms of the Criminal Code of the RSFSR specifying liability for state crimes still include punishment in the form of the death penalty: high treason (Article 64); a terrorist act (Article 66); a terrorist act against a representative of a foreign state (Article 67); banditry (Article 77); actions disorganizing the work of corrective-labor institutions under aggravating circumstances (Part 2 of Article 77); and organization of or participation in illegal armed formations under aggravating circumstances (Part 2 of Article 77). None of these or analogous crimes under the new Criminal Code, with the exception of terrorist acts, is subject to the death penalty.

It may seem that the new Criminal Code is substantially softer than the old one in this respect. In reality this is not so. According to Article 20 of the Constitution of the Russian Federation of 1993, the death penalty may be applied only for crimes against life. In other words, beginning 12 December 1993 the courts of the Russian Federation may not apply the death penalty for any of the named kinds of crimes with the exception of terrorist acts, which are crimes against life. From this point of view, there actually has been no weakening of the penal-legal protection of state interests.

In the new Criminal Code of Russia, the liability for the most dangerous crimes against the state is set forth in Chapter 29, which is entitled "Crimes Against the Bases of Constitutional Order and the Security of the State." In terms of its content, this chapter differs substantially from the analogous chapter in the Criminal Code of the RSFSR.

Along with the norms on the liability for a number of state crimes known in the Criminal Code of the RSFSR (espionage, attempts against the life of statesmen or public figures, public calls for a forcible change in the constitutional order, the incitement of national, racial, or religious enmity, the divulging of state secrets, and the loss of documents containing state secrets), the Criminal Code of the Russian Federation of 1996 includes prohibitions against the commitment of treason against the state (Article 272); the forcible seizure or retention of authority (Article 278); armed revolt (Article 279); and sabotage (Article 281). It must be noted that the criminal liability for sabotage was repealed by the federal law "On the Making of Amendments and Addenda to the Criminal Code of the RSFSR and the Code of Criminal Procedure of the RSFSR" from 1 July 1994. Apparently this was done under the influence of the illusion of the interchangeability of the corresponding norm with a norm on the liability for terrorism, which was included in the Criminal Code of the RSFSR by that same federal law. Under the new criminal law, however, sabotage is punished more severely than under the Criminal Code of the RSFSR from 1 July 1994. Instead of imprisonment for eight to 15 years with confiscation of property (the death penalty could not be applied for sabotage for the mentioned reasons), now the sanction for this kind of crime will provide for punishment in the form of imprisonment for 10 to 20 years (under aggravating circumstances).

High treason (Article 64 of the Criminal Code of the RSFSR) in the new Criminal Code was divided, as it were, into three elements of the crime: treason against the state, the forcible seizure or retention of authority, and armed revolt. Juridically such forms of high treason as flight abroad or the refusal to return from there ceased to be a public danger at the end of 1995 after the well-known decision of the Constitutional Court of the Russian Federation in the case of Mr Smirnov.

A substantially more severe punishment was set for the commitment of any of the three named crimes than for high treason (from 12 to 20 years imprisonment instead of the previous 10 to 15 years with confiscation of property).

With the establishment of criminal liability for the forcible retention of authority, the Russian lawmaker

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took a step unprecedented in the history of the nation on the path toward development of a mechanism for the self-limitation of authority.

This decision also demonstrated a recognition of the actual separation of powers in Russia. Noting the undoubted merits of this action by the Russian lawmaker, one ought to pay attention to the existence of a special criminal-procedural status of deputies, judges, and procurators.

In cases in which the forcible retention of authority involves the corporate interest of some branch or other of that authority, the existence of a special procedure for the criminal prosecution of the named categories of officials will, in our view, hinder the strictly legal resolution of the problem of criminal prosecution.

A large share of other crimes against the state, the liablity for which is set in the first chapter of the Special Part of the Criminal Code of the RSFSR, was "dispersed" throughout the entire new Criminal Code.

Some of them were justifiably or not completely justifiably excluded from the list of crimes: avoidance of a mobilization call-up; avoidance during wartime of the performance of duties or the payment of taxes; putting of unofficial bank notes into circulation; and several others.

In such a form, the new Criminal Code of Russia secured a relative "denationalization" of values traditionally guarded with the help of criminal law. But as a result of this more technical than political decision, these values were not guarded worse. On the contrary, the sanctions of the norms on the liability for a number of previous crimes against the state became not only stricter in the new criminal law but also more severe (smuggling, banditry).

Russia: Decree on MVD Detention Conditions

964F3010B Moscow ROSSIYSKAYA GAZETA in Russian 20 Jul 96 p 4

[Text of government decree: "Prison Is Not a Sanatarium but It Is Still a Place of Human Habitation: Decree No 760 of the Government of the Russian Federation, Moscow, from 27 June 1966 on Measures to Guarantee the Conditions for the Detention of Persons in Investigatory Isolation Blocks or Prisons of the Penal-Executive System of the Ministry of Internal Affairs of the Russian Federation"]

[FBIS Translated Text] In connection with the acceptance of the Russian Federation into the European Council and the necessity of making the conditions of the detention of suspects and persons accused of crimes conform to the requirements of international standards and rules for dealing with prisoners and the realization of the federal program for the construction and reconstruction of investigatory isolation blocks and prisons of the Ministry of Internal Affairs of the Russian Federation as well as the construction of housing for the personnel of the indicated institutions in the period through 2000, the Government of the Russian Federation decrees:

1. In accordance with the results of the performance of the investment program for the first nine months of 1996, the Ministry of Economics of the Russian Federation [should] make a refinement in the distribution of the investment program, bearing in mind the allocation of suppplemental capital investments in the amount of 500 billion rubles [R] for the performance of the tasks specified for 1996 by the federal Program for the construction and reconstruction of investigatory isolation blocks and prisons of the Ministry of Internal Affairs of the Russian Federation as well as the construction of housing for the personnel of the indicated institutions through 2000.

2. The Ministry of Finance of the Russian Federation and the Ministry of Economics of the Russian Federation [should]:

—prepare and present to the Government of the Russian Federation in the established manner proposals on the allocation in 1996 to the Ministry of Internal Affairs of the Russian Federation of the necessary appropriations for the detention of suspects and persons accused of crimes in accordance with the norms now in effect;

—in the elaboration of the drafts of the federal budget for 1997 and subsequent years, provide for the allocation of centralized capital investments and financial means in an amount guaranteeing the performance of the tasks specified by the federal program for the construction and reconstruction of investigatory isolation blocks and prisons of the Ministry of Internal Affairs of the Russian Federation as well as the construction of housing for the personnel of the indicated insitutions for the period through 2000 and the upkeep of investigatory isolation blocks and prisons.

3. In the third quarter of 1996, the Ministry of Health and the Medical Industry of the Russian Federation, the State Committee for Sanitary-Epidemiological Supervision of the Russian Federation, the Ministry of Internal Affairs of the Russian Federation, the Ministry of Economics of the Russian Federation, and the Ministry of Finance of the Russian Federation [should] present to the Government of the Russian Federation a draft federal program "On Urgent Measures in the Fight Against Tuberculosis in Russia for the Period Through 2000," in which they are to provide for measures aimed at improving medical and sanitary service for those sentenced

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to imprisonment and persons being detained in investigatory isolation blocks.

4. The Ministry of Internal Affairs of the Russian Federation together with the Ministry of Health and the Medical Industry of the Russian Federation and the State Committee for Sanitary-Epidemiological Supervision of the Russian Federation [should] provide for the carrying out of therapeutic and preventive measures aimed at stabilizing the sanitary-epidemiological situation in investigatory isolation blocks.

The State Committee for Sanitary-Epidemiological Supervision of the Russian Federation [should] monitor the performance of the indicated measures.

5. The Ministry of Internal Affairs of the Russian Federation, the State Committee for Sanitary-Epidemiological Supervision of the Russian Federation, the Ministry of Health and the Medical Industry of the Russian Federation, the Ministry of Finance of the Russian Federation, and the Ministry of Economics of the Russian Federation together with the Nutrition Institute of the Russian Academy of Medical Sciences [should] develop and present to the Government of the Russian Federation in 1996 new scientifically valid norms of nutrition for those sentenced to imprisonment and persons being detained in investigatory isolation blocks.

6. The Ministry of Internal Affairs of the Russian Federation [should]:

—take measures precluding the violation of the legal rights and interests of persons in investigatory isolation blocks and providing for the social protection of the personnel of these institutions;

—provide for the timely delivery of suspects and persons accused of crimes and defendants on the request of persons carrying out inquests, investigators, procurators, and judges.

7. The Ministry of Finance of the Russian Federation [should] examine within one month the question of the possibility of allocating to the Ministry of Internal Affairs of the Russian Federation R17.3 billion from the federal budget for the repayment of indebtedness to the Ministry of Railways of the Russian Federation for the leasing of special cars used for the transport of convicts and persons detained under guard. If necessary, make the appropriate proposals on this question in the established manner.

In the elaboration of the drafts of the federal budget for 1997 and subsequent years, provide for the allocation of the necessary funds to the Ministry of Internal Affairs of the Russian Federation for these purposes and also for the replacement of the special cars of the type "ST" that have served their specified useful life.

8. The Ministry of Internal Affairs of the Russian Federation in coordination with the Ministry of Construction of the Russian Federation [should] provide in 1996-1997 for the elaboration of model draft solutions and norms for the technological planning of the construction of investigatory isolation blocks and prisons in accordance with the requirements of the federal law "On the Detention of Suspects and Persons Accused of Crimes."

9. The Ministry of Justice of the Russian Federation and the Ministry of Internal Affairs of the Russian Federation together with interested ministries and departments [should] present proposals within one month in the established manner on the making of amendments to criminal-procedural legislation providing for the establishment of a maximum time for the detention of persons for whom a preliminary investigation has been concluded and the criminal case has been turned over to the court.

10. The Ministry of Internal Affairs of the Russian Federation and the Ministry of Justice of the Russian Federation with the participation of the General Procurator's Office of the Russian Federation and other interested departments [should]:

—prepare proposals on the establishment of a central and regional commissions for the examination of questions involved in the provision of the conditions for the detention of suspects, persons accused of crimes, and defendants in accordance with the recommendations given at the Parliamentary Assembly of the European Council upon accepting Russia into this organization;

—elaborate a draft federal law regulating the procedures for the participation of public organizations in the monitoring of the work of investigatory isolation blocks.

11. Recommend to the agencies of executive authority of the subjects of the Russian Federation and agencies of local self-government that they:

—seek possibilities for the supplemental allocation of funds for the financing in 1996 of the measures of the federal program for the construction and reconstruction of investigatory isolation blocks and prisons of the Ministry of Internal Affairs of the Russian Federation and also the construction of housing for the personnel of the indicated institutions for the period through 2000 and for the detention of persons under guard;

—in the elaboration of the drafts of the corresponding budgets for 1997 and subsequent years, provide appropriations for the supplemental financing of construction and reconstruction of investigatory isolation blocks and

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prisons located in their territories and also housing for the personnel of the indicated institutions;

—provide assistance to investigatory isolation blocks, prisons, and territorial agencies for the administration of the penal-executive system of the Ministry of Internal Affairs of the Russian Federation in the resolution of the questions of the abolition or reduction of the size of payments to local budgets, the setting of preferential rates for the payment of municipal services, and the priority allocation of housing space and parcels of land to the personnel of the indicated institutions and agencies for the individual construction and management of subsidiary plots.

Russia: Results of MVD Operation Clean Hands Noted

964F2816A Moscow EKSPERT in Russian 24 Jun 96 No 24, p 45

[Article by Oleg Utitsin and Aleksey Batushenko under the rubric "Security": "The MVD Washes Its Hands"]

[FBIS Translated Text] **Following their Italian colleagues, the leaders of MVD Rossii [RF Ministry of Internal Affairs] back last year announced an operation called "Clean Hands." The one-time action which was initiated by new minister Anatoliy Kulikov has become a permanent one. A briefing devoted to the first results of the work to purge militsia ranks and its future prospects was held in the Ministry of Internal Affairs on 16 June.**

[First box, p 45]

Some Results of the 'Clean Hands' Operation

As the chief of the MVD Rossii Internal Security Administration Svyatoslav Golitsyn reported, more than 2,500 associates were dismissed from internal affairs organs in 1995. There were 6,563 internal affairs organ associates brought to judicial responsibility in 1995, and 1,406 were convicted—561 of them for official crimes. One out of seven crimes was committed by militsia members who were intoxicated.

[end of box]

Already last year MVD subdivision personnel inspection offices and public procurator's offices were engaged in investigation of unseemly actions by militsia members. But a new structure called the Internal Security Administration appeared in the Ministry in January 1996. It is a very timely administration, especially if you take into account the fact that the newspapers are full of reports on corruption among militsia officials.

Svyatoslav Golitsyn, the chief of the Internal Security Administration who spoke at the briefing, pointed out the social roots of crime in the militsia milieu: market relations, the property stratification of society, the "build-up of criminalization" in the country, and the drastically changed concepts of moral values. "Experienced operatives who have served in the organs for 10 to 20 years," the general noted, "are not ashamed to go on pension and leave the militsia and work as some kind of guard or even watchman." In other words, the proportion of poorly trained associates with depraved morals has grown because of the exodus of professional cadres and the simultaneous increase in the numbers of personnel in the MVD.

According to data cited at the briefing, in U.S. law enforcement agencies, one employee in the internal security office serves about 50 policemen, while in Russia he serves about 1,500 of his colleagues. At the same time, an associate of the Russian Internal Security Service receives the same wages as an ordinary militsia member and does not have any privileges.

Major General Golitsyn defined the objectives of his subordinates' activity quite precisely:

conducting operational-search measures among and against militsia members;

preventing envoys of the criminal world from penetrating militsia ranks.

To journalists' questions of how people who are most dedicated to the law enforcement cause are selected, the MVD representatives answered that each new person is fingerprinted (the mafia is actively sending its own people to the militsia ranks), fills out a questionnaire, and goes through a series of other checks (the latter do not include a lie detector test). There are plans to use the NII MVD [MVD Scientific Research Institute] to prepare a data base on unreliable militsia members and create a computer program for checking new people.

The EKSPERT correspondent asked the participants in the briefing whether cases where MVD officials proved to be co-owners or cofounders of commercial structures were discovered during the "Clean Hands" operation.

The representative of the Main Administration on Economic Crimes of MVD Rossii, Colonel Aleksandr Mordovets, answered that there were such cases, but he could not cite statistics. Golitsyn came to Mordovets' aid and said that about a month and one-half ago, they discovered the leader of the city OVD [internal affairs department] "in one of Russia's southern cities," a colonel who from 1992 through 1996 was the head of a certain AO [joint stock company] and did roughly 50 million rubles worth of harm to the country in "old prices" by providing "cover" for two other commercial firms, was involved with local organized crime, often

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went abroad, hiding this from the leadership, and in addition lived beyond his means. "At this point," Golitsyn assured the journalists, "the colonel has been dismissed from the MVD and the question of instituting criminal proceedings is being decided."

While in 1991, 137 militsia associates were convicted of various legal offenses (40 of them for official crimes), in 1995 the figure was 1,277 (579).

The hall livened up when the deputy chief of the Main Administration of GAI [UGAI] MVD Rossii [RF Ministry of Internal Affairs State Automobile Inspection], Major General of the Militsia Nikolay Borodin, took the floor. He decided to speak with journalists about bribe-taking among his subordinates from a purely human perspective—according to him, "90 or even 99 percent of the GAI associates are decent people and you simply cannot tempt them by offering money." Corroborating his words, General Borodin cited the following statistic: not one complaint of extortion by a GAI inspector had been reported to the UGAI during the first 5 months of this year.

[Second box, p 45]

According to the deputy chief of the Main Administration of GAI MVD Rossii, Nikolay Borodin, GAI associates accept only 50 percent of the bribes "collected" on the country's roads; just as many go to associates of other MVD subdivisions which "assist" GAI.

[end of box]

"So then all this time GAI associates have not been taking bribes?" an NTV representative asked.

"We have not received even one complaint, against a particular inspector let us say, in recent times," Borodin said.

The EKSPERT correspondent:

"According to our data, after the reassignments in the MVD Rossii leadership, several dozen practical workers from 'combat' departments left the GUOP [Main Administration for the Fight Against Organized Crime], for the most part because people with less than pure reputations were appointed to supervise them. This applies to the question of the reasons for the exodus of professional cadres. As for the 'Clean Hands' operation, at least in Moscow it took the form of putting militsia security service associates in civilian dress and detaining greedy GAI associates. The latter in turn began grabbing motorists for attempting to give bribes to an official. Doesn't it bother you that at that rate the prisons will be overflowing with people who offer bribes?"

"I do not know where you are getting that information from. I don't have it," said Major General Golitsyn.

"So are you against the Criminal Code and against those who fight bribes?" the deputy chief of the Main Cadre Administration of MVD Rossii, Colonel Vyacheslav Vorontsov, said in support of his colleague.

Russia: Ministry Accused of Violating Legal Norms

964F2957A Moscow MOSKOVSKIY KOMSOMOLETS in Russian 10 Jul 96 p 7

[Article by Olga Boguslavskaya: "Deafened Cinderella Has Been Suddenly Blinded: Who Will Help the MVD Invalid? (as ordered by the MVD EKTs)"]

[FBIS Translated Text] On 7 May of this year MOSKOVSKIY KOMSOMOLETS published an article with the title "Deafened Cinderella." An entire page of the newspaper was devoted to the unusual situation. The RF MVD Criminal-Expert Center [EKTs] has been conducting sound-recording evaluations by experts with unsubstantiated conclusions, inasmuch as the chief instrument is the "Dialekt" [Dialect] automated voice-recognition system, that has not been approved or undergone tests.

The quintessence of the article lies in the fact that the unsubstantiated conclusions of the expert evaluation form the basis for unjust sentences. Unjust because there are criminal cases that are entirely and completely based on operational sound recordings (recordings of telephone conversations or recordings of conversations that were made with the aid of magnetic-tape recorders or dictaphones). And we all know that the successes of RUOP [Regional Organized Crime Administration] — that is, the cases that have reached the court — are inseparably linked specifically with valuable proof of this kind.

If expert evaluation provides an unsubstantiated conclusion, an innocent person may be accused. What can be worse?

We asked MVD Minister A. Kulikov and RF General Prosecutor Yu. Skuratov to introduce some clarity into this situation and to provide answers to the questions upon which, possibly, the life of many unjustly sentenced individuals depends.

A month went by. Then another.

Silence.

Now, all of a sudden, the editorial board has been given a Xerox copy of the document "Survey of the Mass Media During the First Quarter of 1996." The upper left-hand corner of the title page contains the words "To Minister of Internal Affairs A. Kulikov," and the upper right-hand corner shows the date when the document

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was received in the minister's office — 12 May 1996 — and the 13 May 1996 resolution of the minister himself.

By checking the calendar, one can see that the survey was submitted to the minister ONE WEEK after the publication of "Deafened Cinderella."

Part I

To Colonel A. V. Purs, chief of the RF MVD Administration of Information and Public Relations [UIOS]. To be delivered personally into his own hands.

Mr. Purs! There is no need to doubt that your survey was intended to acquaint the minister personally with the point of view of the press concerning the activity of the Ministry of Internal Affairs in general, or the MVD EKTs in particular. Nor is there any need to doubt that you consider it to be your task not to provide an objective exposition of that point of view, but an ESPECIALLY POSITIVE one. Obviously you have weighty grounds for assuming that it is not mandatory for the minister of internal affairs to know the truth.

Paragraph 15 of your survey contains commentary on the operation of the mass media specifically concerning the topic "Criminal-Expert Center."

I quote: "Newspapers and magazines have published five articles on the activity of the RF MVD Criminal-Expert Service. Those articles constitute 0.3 percent of their total quantity on topics of law-enforcement. In those articles the predominant evaluation of the center's activity is **positive** (emphasis yours, colonel). The journalists give proper credit to the high quality of the technical and material equipment in its laboratories, where 'a criminal can be identified even by his knees," by the professionalism of the EKTs associates." The last phrase is in somewhat of a contradiction with Russian grammar, but, if one desires, one can guess that our domestic journalists were struck, shaken, and completely satisfied with the professionalism of the EKTs associates.

Is that really so?

No, certain incompletely worked areas still remain. In the most delicate expressions you note, among other things, that "among the problematic materials one can isolate an interview with criminalist Colonel of Militia Yu. Dubyagin. He raises the problem of the lack of professionalism in the MVD system and accuses the ministry's leadership of taking a disdainful attitude toward the old and experienced cadres. The author of the article emphasizes the lack of desire of the forensic-medical experts to assume the responsibility for initiating a criminal case, as a consequence of which unidentified corpses are cremated within ten days, in the absence of witnesses or the investigator. As for the exposure of 'heinous' murders (Listyev, Men, etc.), Yu. Dubyagin has remarked on the fact that the investigative department has no self-interest in searching for the hired killers."

Anyone who has ears can hear this! Colonel Yu. Dubyagin is an odious figure. He constantly criticizes the department whose shoulder boards adorn his uniform. The reference to this obstinate individual, on the one hand, gives the survey a kind of verisimilitude of criticism, but, on the other hand, it seemingly reminds one unobtrusively: This is the kind of people we have, who criticize their own. These are the fine fellows who have to deal with everything.

Well, that's it! Then, the conclusion: "A briefing that was conducted late last year for domestic and foreign journalists, in the course of which they were acquainted with the work of the EKTs subdivisions, showed that the associates in the mass media have a considerable amount of interest in this service. The briefing was attended by representatives of more than 50 publications and television and radio companies. Practically all of them prepared articles for publication on the basis of the briefing materials. OGONEK magazine printed a series of articles that discussed various EKTs subdivisions. That fact, if it is viewed through the prism of the results of the conference on the activities of the EKTs during the first quarter of the current year, attests that, if work with journalists is carried out properly, it is possible to give publicity to the best things that exist in the work of the Ministry for Combatting Crime."

There is only one problem, colonel. It is not always possible to carry out the "proper work" among journalists, and then they begin to write about what decidedly fails to coincide with the positive report.

The question that arises is, "What should be done?"

The answer is very simple.

MOSKOVSKIY KOMSOMOLETS, through articles written by many journalists, has been criticizing with pernicious constancy the work of the MVD. Included among those many journalists is the author of these lines. It so happened that in March and in May I published two articles devoted to MVD EKTs. I have already mentioned the May article, but in March the article "The Bullet-Firing Bed" appeared. That article was about the defiantly unscrupulous work performed by the ballistics experts at the EKTs, and about a completely innocent disabled person Barskov, who had become a victim of that organization and had died in prison.

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During the report period, two more articles arrived: one of them discussed the way in which Skopintsev, chief of the "Marinskiy Park" militia department, beat up a young person, who escaped dying thanks to the unselfish work performed by the physicians, and the other one discussed the way in which a militia man, under unexplained circumstances, got a residency permit for an apartment with a single woman. Obviously, I did not receive even a single line in response to either of these articles. However, that definitely does not mean that the RF MVD Administration of Information and Public Relations does not read MOSKOVSKIY KOMSOMOLETS.

Colonel, you devoted seven lines in your survey to my modest self. Here they are: "One article (MOSKOVSKIY KOMSOMOLETS, 15 March 1996), 'Bullet-Firing Bed') is of a critical nature. That article continues one and the same topic of contrasting the RF MVD Criminal Expert Service and the Federal Center for Forensic Medical Evaluation, and, according to information available to RF MVD UIOS, was prepared by the author, O. Boguslavskaya, as ordered by the appropriate officials of that center."

I make so bold as to inquire: Are you, as the chief of an MVD administration, actually confusing the Russian Federal Center For Forensic Evaluation with the Bureau of Forensic-Medical Evaluation? They are different institutions.

That is first of all.

And, secondly: can you provide me and the newspaper that I represent with proof that "Deafened Cinderella," like a number of other published items, was prepared by me as ordered by me the "appropriate officials"?

Alas, Mr. Furs! Not once did I have the honor of receiving an order for an article from Russia's leading expert institution, the Federal Center For Forensic Evaluation. And the only thing that I am completely proud of is that, several years ago, I received the consent of the Center's director, Aleksandr Ivanovich Kaledin, to prepare a series of articles on the history of forensic evaluation by using the center's materials.

Obviously, you have a very unusual idea of how to get rid of a headache. You assume that it is necessary to cut off the person's head.

Part II

Work on Other People's Mistakes

On the day that "Deafened Cinderella" appeared, the editorial office received a telephone call from a person who reported he was at the FSB [Federal Security Service], and he asked to speak to me on the telephone. He told me that his name was Andrey, and that he was a developer of the "Dialekt" system. He said that I had thrown mud at the work of the FSB and did not have any idea of the true state of affairs. I asked for Andrey's last name, and was told that the person works at the FSB and that says it all.

So had Andrey No-last-name read the article? Because it certainly did not contain a single word to the effect that the project developed by the FSB was bad. It mentioned something else.

If you try to milk a horse and put a saddle on a cow (even if the milkmaid is wearing shoulder boards), you won't get any cream. And you won't go riding very far. If uneducated experts were given a fragment of an unapproved methodology, that is detrimental to the methodology and undermines the experts. But for the court that is simply nothing. The main prize in this lottery of "If he didn't guess, he himself is a fool" goes to the person who has been innocently sentenced.

The name of the person who telephoned me was Linkov.

So, for those who did not understand, I am repeating my questions.

1. Why is the "Dialekt" system being introduced without being tested or approved? Why does the MVD EKTs carry out sound-recording studies on that system and only on it?

Don't the people at EKTs know that the **UPK bans the carrying out of research by experts on technical equipment that is in the testing stage?**

One of three "Dialekt" modules was transferred to MVD EKTs. That is, the machine of justice is moving along on one wheel. Didn't the Main Motor-Vehicles Inspectorate explain that that is banned?

The EKTs methodology council has not accepted the "Dialekt" system as standard equipment. However, the outlying areas received an official report that the methodology had been approved and the command had been given to carry out all the expert evaluation on the "Dialekt." That situation, that does not correspond to reality, is cited by the EKTs experts in their findings. What we have here is the giving of what is known to be a false deposition, concerning the punishment for which every expert is warned.

2. Why does the MVD EKTs carry out sound-recording evaluation on a system that not a single associate of the expert service has the formal right to operate?

On page 15 of the methodology that is open for the court (which methodology will not be published until August!) for the use of the "Dialekt" system,

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one reads the unambiguous statement: the expert who is carrying out the sound-recording evaluation on the "Dialekt" automated system must be knowledgeable in the following branches of science: general linguistics, the phonetics, morphology, and syntax of the Russian language, the physiology and psychology of speech, logopedia, acoustics, the principles of magnetic sound recording, etc.

The Sound-Recording Laboratory of the MVD EKTs does not have ANY experts who possess that knowledge or the corresponding education. Not a single expert has had a basic linguistic education.

3. With what kind of representative sample was the accuracy of the speaker's identification verified? Where were the results of the testing and verification of this system that is open for the court published? What was the probability of an error in recognition and the probability of missing the target?

If the expert is asked these questions in court by a good lawyer, the expert will either have to lie or to remain silent. Neither action will be allowed.

4. Why, before carrying out the identification of the speaker, don't the EKTs experts resolve the question of the primacy of the sound recording (is it a copy or the original?), or is it a montage of the sound recording?

After all, it is understandable that, otherwise, the experts might "successfully" identify not the participant in the conversation, but someone else.

5. And, incidentally, what is the accuracy of the apparatus in determining the existence of a montage? Can this apparatus recognize a computer montage? That is, speaking with absolutely no beating around the bush, can General Karlin, the head of MVD EKTs, give his guarantee that the voice-recording experts will not try to slip through a fake recording that had been prepared ahead of time?

It would be interesting to know whether it has been reported by the heads of the MVD operational services and the MVD's scientific-research institute for special technology that, as a result of the only scientific project that was carried out during the existence of the Sound-Recording Department, it was established that **THE IDENTIFICATION OF THE SPEAKER IN PRINCIPLE, IT TURNS OUT, IS IMPOSSIBLE FOR MOST OF THE MAGNETIC SOUND RECORDINGS OBTAINED IN THE COURSE OF THE CONDUCTING OF OPERATIONAL-INVESTIGATION MEASURES**? This may be considered to be a present to the EKTs operatives who risk their life every day.

If once again we do not receive any answers to our questions, we shall repeat them again. Because the citizens of our country have the right to know the truth about the work being performed by the militia which has unexpectedly taken into its hands the right to judge and pardon, the punish and deceive. The people who have become the victims of unjust sentences do not have the opportunity to keep shouting until they reach the service that will save them.

First, because our country does not have such a service.

Secondly, because, as a rule, letters from Hell are lost en route.

So I would like to bring the following to the attention of Colonel A. V. Furs: if the editorial office does not receive proof that the author of these lines is preparing articles as ordered by the leadership of the Federal Center For Forensic Evaluation, I shall see you, colonel, in court.

Very respectfully yours, Olga Boguslavskaya

Russia: Fedorov on Discrediting Korzhakov, Barsukov

964F3036A Moscow KOMSOMOLSKAYA PRAVDA in Russian 27 Jul 96 pp 1-2

[Interview with Boris Fedorov, by Sergey Maslov: "Boris Fedorov Awaiting the Second Bullet"]

[FBIS Translated Text] **He has begun talking — maybe because certain statements increase his chances of living... Our correspondent met in the clinic of a certain West European country with the former president of the NFS, who this summer received a bullet wound and eight stab wounds.**

It is just that bullets fly quickly, but aircraft in the air seem to be crawling. That is how I could describe my sensations when I was flying to a meeting with Boris Fedorov. After the first brief interview that my KOMSOMOLSKAYA PRAVDA colleagues had with him in a time-responsive manner (see the 10 July issue), it seemed to me that my feet would lead me quickly to my conversational partner. But even in Western Europe itself, where it is only spitting distance to even the farthest point (although that is generally not done), it took me four days to get to Fedorov. Although all that time I realized that he was somewhere nearby. But what did he know about me? Only my first name, Sergey. And also that I am a journalist. So it is not only a newspaper reporter who can equate the pen to the bayonet. For example, in instructional manuals in self-defense for American teachers it is stated that a ballpoint pen pierces the tissues of the human body in the same way that any stabbing weapon does...

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But when we met, I did not see any fear on his face. In addition, I immediately presented my recognition sign: a photograph with my wife and daughter from the family album, which probably elicited more trust that my press identification card.

To tell the truth, I had thought that I would see a broken cripple. But here in front of me was a tall, strong person wearing a white jogging suit. True, he was walking on red crutches. But, if he wants to, he can already move along without them.

But now to the topic at hand. First, so much has already been said and twisted around about the item published in NOVAYA GAZETA that I wanted finally to listen to the person upon whom the blame is placed most frequently, but who has proven to be excluded from the game.

Secondly, my perception of those people who are mentioned in the conversation frequently differs from the evaluations given by Boris Fedorov, and often do so sharply. However, these statements are among the proof, and very important proof. Therefore I did not give myself the task of arguing with my conversational partner. I do not completely understand the statement made for the press by Minister Kulikov to the effect that one must take a cautious attitude toward Fedorov's statements inasmuch as he is a "private individual." In our country the overwhelming majority of people are private individuals, Mr. Minister.

Thirdly, I am not a lawyer, but a journalist.

Fourthly. I assume that Fedorov could tell me not everything that would be of interest to a journalist or the reader. But even that which he did say is, in my opinion, of the greatest interest.

[Interview begins]

[Maslov] People say that, in general, you do not particularly bestow much attention on journalists.

[Fedorov] It is not so much that I do not trust journalists in principle. It is simply that my experience has not been very happy. For example, people have written that at one time I used to work at the "Chayka" swimming pool and provided girls for high officials. After the statement was made, my wife did not talk to me for a week. But just try and prove that I had never been at the "Chayka" swimming pool, and had not swum there even once.

I had rather good relations with Sasha Minkin. But why have people currently made me out to be a beast? A person who "handed over" a group of people. Where did Minkin get my private conversation from? Who is he? A major? A colonel?

[Maslov] I would like to know your personal opinion: what is the article in NOVAYA GAZETA about? To put it in plain terms, what is its purpose?

[Fedorov] In my opinion, a few people were in panic and defended themselves by the first method they thought of. Realizing that the processes were not going in the way that had been planned, they grabbed onto anything—just to protect themselves. They used me.

[Maslov] Currently the passions concerning the article seem to be quieting down somewhat. Are you happy about that?

[Fedorov] Either the group that wanted to sink Korzhakov and Barsukov felt that the job has been done... Or someone said, "Stop! Let's figure this out." But while they were figuring it out, they said, "Let's keep quiet for the time being." Or a third possibility is that the assignment of personnel has started to take its course. After the appointment of Chubays as the administration head, the assignment depends upon that person.

[Maslov] The name of Chubays is linked with the decision to abolish the privileges when importing goods into the country, which, as I understand it, dealt a heavy blow to your interests in the NFS.

[Fedorov] That was a sharp step that was harsh for us. We are beginning to come to an understanding with Chubays. We used to come to understandings with him about everything. Incidentally, I do not know who is berating him, but all the time that I worked with Anatoliy Borisovich — of course, that work was only periodic — you could always come to an understanding with him, if you were right.

[Maslov] What do you mean by "right"?

[Fedorov] That is, if you substantiate to him with documentary scrupulousness what you are doing. The authorities did not exert much influence on him. And I never deny — no matter how much people try to get us to fight with one another — that I coordinated practically every step of mine and discussed it, if not with Tarpishchev, then with Korzhakov or Barsukov.

[Maslov] Let's talk a bit about your relations with Korzhakov and Barsukov.

[Fedorov] In my opinion, Korzhakov is a decent person. Why is he acting this way, rather than another way? He feels that if a person is an enemy, then he must be destroyed. If a person is a friend, he must be supported. This probably is incorrect. There must be a capability of making compromises. But that is the kind of person he is. And probably that is the kind of person that the president needed at the first stage. Probably the person

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who is needed now in that place is a more intellectual one. But I cannot say. That is not my job.

But this is my clear-cut position: I shall not testify against Korzhakov or Barsukov, but the attempt is being made to use me as a witness in the accusation against them.

For a long time they treated me, if not in the way that fathers would, then in any case they protected me. I never had any doubts about their decency. My relations with Mikhail Ivanovich were rather close. He served as my mentor in many matters, and gave me advice. Therefore I do not have the right to bring them down. I can talk about my conflicts with Tarpishchev. I say that suddenly he is not right. Because he did not understand anything. But suddenly he is right... But I definitely cannot say that Messrs. Korzhakov and Barsukov are corrupt. I do not know anything about that. I never gave them any money.

[Maslov] So it turns out that, apparently, you had good relations with everyone — and yet here you are on a hospital bed with nine wounds.

[Fedorov] This is a very difficult conversation. Because the situation with a whole chain of provocational acts against me can be understood only in is development.

[Maslov] I've got plenty of time.

[Fedorov] Well, it's necessary to remember my biography. My work at the plant, my work in the cultural center at MOSKOVSKIYE NOVOSTI, the eight trips that my wife and I made to China (we were among the pioneers of the shuttle traffic). And, finally, our long and fruitful joint work with Shamil Tarpishchev.

[Maslov] You have said that he was not very capable of figuring out financial or banking problems...

[Fedorov] Everyone used to go to see Shamil, and he could not refuse anyone. It was idiocy! One person thought up a kind of sport: a button in a fan's chair, and a gyroscope in a soccer ball... He says, "Can you imagine how interesting that would be? Any fan can participate in the process." The ball would go flying to Fedya Cherkov, then you would press the button, and the ball would go to... Say, Khottabych. So Shamil writes a resolution: please help this person.

But getting closer to the election... People should be paid their wages. We should have carried out more measures. We should have sent a thousand balls and other things to the village... Everyone begins to shout, "What's going on?" The NFS used to do the financing always, but now it doesn't. Where's the money?.. I begin to explain. To Shamil, to the fifth person, to the tenth... It is against that background that the conflict grows. A conflict between me and Tarpishchev. Because of the fact that he does not have any time, because of the fact that it is complicated for him to understand all the fine points. After all, he never worked with figures. He says, "How can this be? The newspapers write that we have money." I say,"Shamil, it's necessary to go to Minfin [Ministry of Finance]. The money is there. It's listed as a line in the budget." That is, it is the law about the budget. And the people at Minfin also have their position: the president has said to pay the wages! Which athletes? Shamil began exerting pressure on me. And that was senseless.

[Maslov] That is, Shamil is guilty of everything?

[Fedorov] He's not part of the problem. He is afraid of a discussion on a serious level. A discussion about tennis — yes! Why Olkhovskiy lost today, and why Volkov won. He'll talk about it so much that you'll simply go crazy.

Shamil tries to find advisors. But they themselves do not understand anything, and act in the role of consultants. What could Andryukha Makarov explain to him? Then there is a series of — I don't know how to say it — fatal mistakes that lead to today's result. Here I am with holes in me, and a cut throat.

[Maslov] Could you discuss this in greater detail?

[Fedorov] We came to an understanding that an Olympic corporation would be created. Vodka, cigarettes — we did not need them. The corporation was supposed to earn money for sports by using the Olympic symbols and many other things. There are funds that were earned by the NFS, but also tremendous debts. Therefore we created a commercial holding company, which I took under my leadership. The money was supposed to be transferred to that Olympic corporation. The understanding had apparently been achieved, and we began working. I do not know what was the catalyst for the conflict — perhaps the election. Some began to hurry up, and some began not to restrain their pledges. All of a sudden, I sense that they don't trust me. The conflict situation becomes public knowledge. But that situation is an in-ter-nal one. It could have been smoothed over, but...

I did some more talking with one person. The conversation was rather harsh. I was given some ultimatums. I begin to be afraid. It was as though I had been kicked off the team. I had nowhere to go. I begin looking for a partner. Where is the alternative? The capitalists who are conducting the election campaign, who were given access. In general, I never got into anything illegal. I calmly did my job, and had plenty to do. I begin to explain to people what I am explaining to you. By that

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moment Shamil is causing several conflicts. But people continue to consider that we are linked together. For that reason a few people, attempting to carry out a provocational act against me, think that they are striking at Shamil. Not knowing that there is a conflict between us, not believing in that conflict.

[Maslov] What can you say about the drugs in the Mercedes?

[Fedorov] The provocational acts took their further course. But the first one was the provocational act with drugs. That is completely ridiculous — the OMON [Special Purpose Militia Detachments]. A major conducts an inspection of the car. My wife is with me. I am smoking a cigarette. He says, "Give me a light." I give him a light and he says, "Listen, fellow, this is a contract job. Don't holler: Korzhakov, Barsukov!.. Just get some lawyers tomorrow and act very cautiously." Then he approaches my car. He lifts up the carpet, under which there isn't anything. He covers his own hand with that carpet. He takes it out. And says, "I'll have to get some witnesses. Wait here." After that he goes into an epileptic seizure."

[Maslov] In what sense?

[Fedorov] Literally. He fell down, and foam started coming from his mouth. I could have demanded evaluation by experts. Drugs are things that can be eaten out of your hand. He is immediately taken away from the scene of the events. He disappears for two or three days: he's sick.

[Maslov] Was he faking it?

[Fedorov] Well, I don't know. I was told that he had two wounds in the head. I don't know...

[Maslov] You spoke about the purpose of the provocational acts. Was the last link the gunshot?

[Fedorov] Someone persuades Korzhakov, Barsukov, and Tarpishchev to make mistakes which until today make it possible to continue the provocational acts against me. And my instantaneous removal? Did someone need that? Whatever happened, I was a completely controllable person.

If Fedorov was removed, if Streletskiy was appointed, then the entire situation was contrived by Korzhakov and Barsukov. But it would have been sufficient for them to speak to me and I would have gone abroad for five months and not shown up. But they knew more than anyone else did. Who convinced them, though — that's the question! Because there are direct losses here. Putting a person from another system onto such a complicated job as the NFS is dooming everything. The result: no one needs the NFS anymore. But what about "Natskredit," and "Inturbank," and many others? There was an entire program for improving their financial condition and for returning the assets.

And the lottery process in the country? I spent five years restoring the lottery after it had been allowed to go downhill. I did the same thing with "Inturist" — we spent three years restoring it, and now everything has been destroyed again. Who will do all of this instead of me — Streletskiy? Who is he? A colonel in MUR [Moscow Criminal Investigation]? What does he know how to do — has he ever been in finance or banking affairs?

I can say with complete responsibility that the haste with which my removal was carried out represents half a billion dollars of losses.

[Maslov] This is the first time that I have ever had a conversation with a person who has had an attempt made on his life. Exactly how did that happen?

[Fedorov] The shot was a complete surprise for me. To tell you the truth, we might be able. deep within ourselves, to figure this out sometime. But right now, I'll just sit here and remain silent, and the wave will wash away. Nothing came of it.

But they completely ruined the life of a girl who had absolutely nothing to do with this. I never leased an apartment for her. I never bought any expensive cars. It's simply that I have a male friend in St. Petersburg who asked me to help her to enroll at the university. I actually helped her. I sent her money. I gave her money to live on and to pay her apartment rent with. Moreover, I can tell you who did lease the apartment: a guy named Kozlov, who used to work with me. He leased it for $500 a month. I also asked her out. I said, "Natasha, let's go out to dinner." A Chinese restaurant, the Panda, was right next door. I had to take the pressure off of me, because it seemed to me that I was being followed. And I also had to meet up with a certain person.

[Maslov] How does the girl feel today?

[Fedorov] She left town without taking her exams. The bullet missed me and hit her in the leg. I think she went back to her mother in St. Petersburg. So, of course, they told that 17-year-old girl that she was a kept woman, etc.

I never had anything to do with her. God forbid that anything like that should happen. The man whose friend I have been for a long time would simply punch my face in.

[Maslov] Nevertheless, how did this happen?

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[Fedorov] We met the person. We are walking back, when suddenly there is some kind of fight like in an operetta. Actually it is as though people are beating one another up, but no one is hitting anyone. A Model-6 [Zgiguli] stops. And then... If you brought them in for me to identify them now, or if you didn't bring them in, I still could not identify them. It's just that at that moment I had a funny feeling. I tell Natasha, "Walk on ahead." I turned around. I see that he is aiming the gun at me. He fired the gun. From a distance of about two meters. His pistol jammed, but my leg was paralyzed. So, holding onto my leg, I started to go for him. I grabbed his pistol. He threw it aside. He pushed me away. Then he jumped on me with a knife. I did not lose consciousness and kept trying to protect myself. He stabs me in the eye and I start to get away. But he has punctured my two lungs, and has punctured my pleura. He missed my heart, but he really tore up everything under my armpit. A second guy opens the car door from the inside and hurries him up, saying, "Let's get going, let's get going..." Militia men come running up with their machineguns — some buildings that are being protected are situated nearby. The killers escape. The resuscitation crew arrives.

[Maslov] How much did it cost to insure the airplane that brought you here from Russia?

[Fedorov] Twenty thousand dollars. But I didn't pay it. The firm that I had dealings with paid.

But if it hadn't been for the doctors at the Skinfosovskiy [Institute]... I lost five and a half liters of blood. They put me under idiotic conditions.

Why am I here? I needed a complicated operation, in which it is necessary to cut me up from the spine to the peritoneum. I simply could not have survived the operation then. But my legs would have atrophied. I now have 6-7 hours a day of physical therapy here. It is difficult and complicated.

[Maslov] I guess that the situation is not so scary abroad?

[Fedorov] The item published in NOVAYA GAZETA is a direct threat to my life. You have to understand that this setup will lead only to a second bullet. But one bullet was already enough for me. At night I lie down to go to sleep and I think, "If only it doesn't hurt." And if only I wake up again. I have learned from the published items that my chances of living are estimated to be not very high. And if Minkin evaluates my chances poorly... Well, if, knock on wood, I survive, I give you my word that I'll sock him in the face. That's how we do it village-style. That's how we do it.

[Maslov] Was there a cassette?

[Fedorov] Well, let's put it this way: I actually used to visit Berezovskiy. Everyone would be there, the entire re-election staff. We had already carried out various conversations in other places. Suddenly they are announced to the entire country — in the newspaper. That I had made a cassette with explanations, with depositions concerning definite individuals. But that had never happened. No cassette discrediting other individuals had ever been made by me, and, even moreso, none had ever been translated.

What was stated on the cassette was my conflict with Tarpishchev. I have already explained how it arose. What did I say that was special? Well, out of the Entrepreneur's mouth there have been evaluations: the complete finish line, crooks, etc. Who is making that evaluation? Certainly not me.

[Maslov] For what purpose was the conversation made?

[Fedorov] A very simple one — in order to use all of this at some time. The relations had become very strained between the Entrepreneur and those people. He needed compromising material. A recording or something else, in order to exert influence on those relations at a definite moment.

[Maslov] What about your memorandum in NOVAYA GAZETA, that anticipated the publication of the magnetic recording?

[Fedorov] There was no such memorandum. Never. If there is one, let them show it to me.

[Maslov] Whether there is or is not a recording — whatever the case — could it have been made previously? And could someone have put it in motion prior to the election or at least prior to the second round, in order to influence its results?

[Fedorov] Why not just drop the subject? This could not have happened between the two rounds. Because everyone needed Boris Nikolayevich Yeltsin. When I was being resuscitated, I needed Yeltsin. So did Tarpishchev at his summer cottage. And Berezovskiy in his luxurious office. All of this is dividing the territories after the election.

[Maslov] The published item also contained the phrase "Sasha and Mishey demand..."

[Fedorov] Those are not my words. And essentially speaking... that was Shamil's request: he needed free funds for the pre-election campaign. That was a kind of idea: it would be a good thing to have that money in cash. Which is what happened, incidentally, when they were paying off the performing artists.

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But for us all of that was not so simple. Every quarter the NFS had to give a report to Minfin. And I could never guarantee $10 million in cash. Shamil was burning up in the pre-election campaign. He was trying to drag out everything that he could...

[Maslov] Under those conditions, can Shamil Tarpishchev look for contacts with you?

[Fedorov] He is looking for them. Everyone catches the other person's opinion. I make a telephone call and say, "Petya, did you have a conversation with Shamil? What does he say?" And then Petya gets in touch with Shamil. Shama asks, "What does Borya say?" We were disunited by the initial mistake. Shamil never did manage to make sense out of figures. And I never managed to sit down and explain things to him. That was the mistake that led to all the consequences.

[Maslov] Can you tell me about today's meeting with him?

[Fedorov] It went absolutely calmly. This will already be another conversation — not one between a subordinate and a chief. But I am convinced that there will be as a result a normal conversation. I simply know Shamil and myself.

[Maslov] Aren't you afraid?

[Fedorov] No. I do not believe that Shamil could organize anything against me. Moreover, he does not have the people to do this. I always say that he is a person who should be described as weak, rather than mean. So I sent him a fax, which he then showed during a television broadcast. I wrote that I consider him to be a completely good person. Because I kept attempting to extricate myself from that conflict Not only for my own benefit, but also for Shamil's.

[Maslov] What kind of future do you see for yourself?

[Fedorov] Why did I leave the Kremlin a half-year ago? As a serious person said in a certain serious movie, you cannot spin your personal wool with state wool. You cannot combine state status with the interests of the job at hand. It is always necessary to find within yourself the forces to cultivate within oneself the official and the businessman. For me, sports are no longer interesting — I was interested in the system of financing. That is my place.

[Maslov] You talk so easily about your return to the world where you were almost killed.

[Fedorov] Well, believe me when I say that I am not mad at the killer. That is already past. When I came to, I thought that now I would become like Rambo. I would buy 25 machineguns and would go looking for them with dogs. But now I have only one desire — to have all of this end as quickly as possible. To recuperate and to begin working. Why waste time trying to get revenge?

Of course, I would like to have my situation cleared up. Someone organized all this. Who needed it? Let's try to answer that question. I would like for people to say, "Boris Fedorov is guilty of this, but he is not guilty of that." I do not ask to have the killers caught — that is a difficult question. Although I was called on the telephone and told that they had been caught. I think that, once again, that was a game, and a continuation of the provocation. They'll tell that one, "You committed crimes, but! You're still going to prison. We'll give you ten [years]. We'll let you out in five. All you have to do is testify that you shot Fedorov because Korzhakov told you about this. Or because Berezovskiy told you about this." That is possible.

[Maslov] But didn't you even think about a spare airfield?

[Fedorov] What spare airfield? After three days I am beginning to become stupid here. I like my country. Despite everything. I can begin with a cooperative.

[Maslov] I'd like to ask a question that I probably should have asked first. How is your health?

[Fedorov] It is already better. What do I still have? A stab wound in my throat. The problem with my throat was resolved yesterday. Practically completely. There were problems with my leg — it was almost completely atrophied. But I can already walk again. I do not have any doubts that I shall survive. Therefore, if someone does not want me to survive, he will have to finish me off. I only hope that it won't be painful.

Russia: Korzhakov's Comeback Predicted

964F2958A Moscow MOSKOVSKIYE NOVOSTI in Russian 14-21 Jul 96 No 28, p 7

[Article by V. L., under the rubric "Kremlin": "An Old Rumor Is Better Than Two New Ones"]

[FBIS Translated Text] **The ascent of Anatoliy Chubays to the position of head of the president's administration confirmed a two-month-old rumor that Anatoliy Borisovich himself denied numerous times.**

The most concise summary: the man got what he deserved. The lofty position of head of the administration only confirmed that Anatoliy Chubays was one of the real leaders of the victorious election campaign. As a financial expert he directed the necessary money to the necessary hands, and as an analyst he was able to anticipate the game accurately several moves ahead. Many

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people thought that Chubays was undermined at the press conference devoted to the black "nal" [translation unknown] from the White House. But the decisiveness, quickness, and forestalling manner with which Anatoliy Chubays conducted this dramatic moment in Kremlin history evidently impressed the president more, and indeed were objectively more important, than the truth of what he said.

Evidently it was for different reasons that two "100-percent certain" rumors about the new head of the president's administration passed into oblivion.

Just 10 days ago Pavel Borodin, the present head of the business office, was being referred to as definitely the next head of the administration. An experienced manager, Borodin seemed to have been able to maintain smooth working relations with all the major figures around Yeltsin. Like Yuriy Luzhkov, his degree of self-preservation lies in his distance from actual politics. It appears that Borodin was able to convince Boris Nikolayevich that he was needed in his former position. At the same time, it is not impossible that with the change in leadership certain functions of the president's administration will pass to the business office.

At the very end Yuriy Yarov was mentioned as a new claimant to the job. If the rumors that the institution of vice prime minister was being eliminated with the exception of the first two (from the same sources—Ilyushkin and Yavlinskiy) were true, it would still be necessary to find positions for the remaining jobless "vices." It was considered highly likely that Yuriy Yarov would be the one to fall into the post of head of the administration. The chances of this option, many thought, depended entirely on whether the president ratified the new scheme of government.

All the same, it is Chubays. Whose party is bolstered in the Kremlin along with him? Obviously, it is the "young wolves" of liberal politics, each of whom can be awarded a medal for "Capture of the Kremlin-96." They are Vyacheslav Nikonov, Igor Malashenko, Vasiliy Shakhnovskiy. This is the liberal flank of a still-operating government where it is now worth listening to the opinions of Sergey Dubinin, Andrey Vavilov, Vitaliy Ignatenko, and Yevgeniy Yasin. There is one more, apparently very important circle for Anatoliy Borisovich, which can be designated as the coowners of ORT [Russian Public Television], headed by Boris Berezovskiy. Now that privatization and Chubays are separated, different relations can be expected between Anatoliy Borisovich and the man who is closest to the president today—Yuriy Luzhkov.

The present story of Chubays's appointment as head of administration could be compared to Gaydar's appointment as prime minister. The only difference is that the rigid and highly organized Chubays may prove closer to the head of state than any prime minister.

It is now obvious that a significant part of the team recruited by Korzhakov and Yegorov for the president's administration will not return from summer vacation. Above all this refers to all the various personnel specialists. On the other hand, it appears that the analysts will return to the administration.

The appointment of Chubays tells the country and all its various red and pink belts that no one should doubt the reform line. At the same time, our president has long been known as a master of creating all possible checks and balances in those around him. The appointment of Chubays may very well mean the early return of Aleksandr Korzhakov to the Kremlin. According to rumors, on the day when this issue of the paper was being signed to press there was a meeting between Boris Nikolayevich and Aleksandr Vasilyevich, who had returned from Sochi.

Well, we are now living through a time of paradoxes in job placement.

Russia: Reaction to Korzhakov, Barsukov Case Noted

964F3069A Moscow NOVAYA GAZETA-PONEDELNIK in Russian 29 Jul-4 Aug 96 No 27, pp 1-2

[Article by Aleksandr Minkin: "The Silence of Korzhakov and Barsukov: the More Persistent It Is, the More Fedorov Talks"]

[FBIS Translated Text] On 8 July, we published the material "Favority" [Favorites]. It contained:

a) reflections on the oddities of the domestic struggle against corruption;

b) an open letter to General Lebed who swore to all of Russia that he would defeat corruption, but, so far, has limited himself to a victory just over Grachev and Agapova. (The dismissal of a minister and several generals is not a struggle against corruption. For corrupt officials are supposed to be put on trial, not sent on vacation.);

and (c) the transcript of a conversation of Boris Fedorov (the National Sports Foundation, the Natsionalnyy kredit [National Credit] Bank and others) with three interlocutors, to whom Fedorov talks about the ties of Tarpishchev, Korzhakov and Barsukov with the criminal world. This conversation also became the main subject of discussion.

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Fedorov himself stated in a KOMSOMOLSKAYA PRAVDA interview (10 July 1996): "They want to get me into a quarrel with the entire world and to set against me not only the generals, but also the structures which are, how can I put it, not quite legal." Fedorov calls the gangster groups not quite legal. It is hard to say: out of politeness or out of fear.

Fedorov said further that the published conversation *"had really taken place in general,"* but *had been pieced together from various fragments, including from conversations overheard at various times.*

I affirm that the published conversation has not been assembled from several conversations. This is one conversation.

But something else is more important. Fedorov admits that he has told Kremlin secrets more than once or twice. Fedorov does not deny that he told the interlocutors scandalous facts. In essence, it makes no difference whether or not he did this in one evening or little by little over several meetings.

Presidential Coach Tarpishchev stated both in an INTERFAKS interview and in an ODIN NA ODIN [One on One] broadcast that "the published item is a fabrication" and has been printed for the purpose of setting him up.

No. Neither Fedorov nor Tarpishchev are of any interest to us. We are profoundly indifferent about who is flooding the country with tobacco and who is flooding it with vodka. If not one—then the other. If not the sports fund—then the progress fund. It is all the same to us: whether the Izmaylovo, Solntsevo or some other criminal kingpins are on friendly and businesslike terms with the ministers. Something else disturbs us: the corruption of the leaders of the special services and the president's closest entourage.

Let us assume that the facts recounted by Fedorov had become known to foreign special services. How easily they could manipulate Korzhakov (the SBP [Presidential Security Service]) and Barsukov (the FSB [Federal Security Service]), blackmailing them: either do this and that or we will let people know about your criminal ties. On the other hand, it is possible that this has already occurred.

Imagine that Fedorov's story had appeared not in NOVAYA GAZETA, but rather in THE WASHINGTON POST. The disgrace would be a hundred times worse. (Russia's prestige suffered a great deal of damage when the first interrogations of the members of the GKChP [State Committee for the Emergency Situation]—secret materials from the investigation—suddenly appeared in DER SPIEGEL.)

No, it was not Fedorov and Tarpishchev who interested us, but rather, the leaders of our state security.

However, Tarpishchev's assertions that, supposedly, "the published item is a fabrication," these are just Tarpishchev's words and nothing more. There is nothing else he can say in his position. By the way, he was so taken aback that he went to Ilyushin (the RF [Russian Federation] President's senior assistant) for advice: what shall I do? Ilyushin then told the journalists that he advised Tarpishchev "to meet with the press and to explain everything."

What is there to explain here? Why this whining of a typical double-dealer and hooligan: "I did not do anything." There are the expert report, the investigation and the court—so let them ascertain whether or not our published item is a fabrication.

We know that Fedorov's story is reality. We have been interested most of all in the expert legal report. Unfortunately, Tarpishchev (right on the air on the First Channel) expresses to the entire country the wish that "people like Minkin be beaten in the cloakroom." Yes, we know this method. Several people throw a coat over someone's head and beat him. It is called "a blanket party." It is a pity that our ministers and presidential advisers have not outgrown their hooligan habits.

The newspapers write: supposedly, the tape lay around in many editorial offices, but "they did not want to publish" it. But Minkin, for the sake of scandalous glory....

I believe that some kind of tape lay around in certain editorial offices. I think that they were simply afraid to publish it. And not out of fear of defaming innocent Krozhakov and Barsukov, but rather, out of fear for their own lives.

In that same issue of KP [KOMSOMOLSKAYA PRAVDA], it is stated: **"...all of Fedorov's testimony was recorded on a single Metal-XR [given in English] cassette which was accurately duplicated and sent several weeks ago to anyone who might be interested. But at that time, before the presidential elections, the large press organs preferred to maintain silence."**

The newspapers write that the tape "lay around everywhere." But no one—neither KOMSOMOLSKAYA PRAVDA, nor IZVESTIYA nor MK [MOSKOVSKIY KOMSOMOLETS]—wrote that "yes, we had it lying around." Komsomolka [KOMSOMOLSKAYA PRAVDA] even knows the brand of the cassette, yet, all the same, it does not want to admit that it has it.

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At first, they were afraid to print it. Now they are afraid to say that they are holding the tape in their hands. This is understandable. Fedorov's story contains detailed information on especially dangerous state crimes of the highest officials. To know about these crimes and to keep silent means to commit a criminal offense, for which, according to the law, the penalty is imprisonment for a term of up to 5 years.

Journalists who have kept silent about the authorities' crimes reproach me, their colleague, for not keeping silent. Brothers in the profession, since you are so principled, you had better tell who brought you the tape, why you did not publish it and what you did with it.

Kiselev and Mr. Yavlinskiy complained on NTV [Independent Television]: as they say, in our country, first come the dismissals—then the disclosures, but everywhere else, it is the other way around. But the readers know: more than a year prior to Korzhakov's dismissal, I wrote an article about him, "Goats Love To Guard the Cabbage." And, last winter, I wrote an article about Barsukov, "An Especially Dangerous State Criminal. An Especially Stupid Statesman," wherein I demanded that criminal proceedings be instituted against him. I do not write about pensioners, the deceased, retirees and prisoners. And Fedorov's conversation has been printed because it pertains to extremely powerful forces which have not yet gone anywhere. (And if this is not so—why does everyone fear them as before?)

Unfortunately, the press was occupied basically with Fedorov, Tarpishchev and my person. Korzhakov and Barsukov kept silent. Apparently, no one dared to interview them. And Ilyushin had not advised them "to explain."

For some reason, the press is not interested in the crimes, about which Fedorov is talking, but rather, in conjectures: just who were his interlocutors? just where did the conversation take place? just who sent the tape to the press? All this is a worldly chronicle. All this does not change the essence in any way and does not refute the facts.

The procurator's office is in no hurry. But why? Why have Tarpishchev, Korzhakov and Barsukov still not been questioned? And not by intimidated dependent investigators, but rather, by a parliamentary commission. Apparently, the gentlemen have been given time to hide all the traces, to transfer all the accounts and villas to others and to kill all the witnesses and all the talkative partners.

Fedorov is quite capable of testifying. KOMSOMOLSKAYA PRAVDA interviews him regularly and Tarpishchev is receiving faxes from him. And it is just the General Procurator's Office which is simply not about to question him. Is this not interesting?

I intentionally did not comment on Fedorov's story in "Favority." I hoped that the readers themselves would evaluate the facts, the style and the way of thinking. For example, Fedorov recounts: **"He (Tarpishchev) says that Sasha and Misha (Korzhakov and Barsukov) are demanding that I bring $10 million in cash to Sasha. I say: 'Shama, I have never seen that kind of money! It is impossible to gather that much!'"**

This is perfectly criminal thinking. Fedorov does not say to Tarpishchev: "Shama, you are driving me to crime!" Fedorov says: "This is too much!" He is not against the system, he is against the amount.

Both Tarpishchev on television and Fedorov in the interview constantly repeat that Korzhakov and Barsukov are most respectable people. But we should understand that Fedorov and Tarpishchev are saying this not to the millions of viewers and readers, but rather, directly to Korzhakov and Barsukov. Fedorov and Tarpishchev are telling Sasha and Misha: we will not betray you, even if you kill us.

Fedorov's new interview, published in KOMSOMOLSKAYA PRAVDA on 27 July 1996, is one more incident from the series "My Tongue Is My Enemy." The more Fedorov tries to whitewash himself, Korzhakov, Barsukov, Chubays and Tarpishchev—the more we get to know their specific customs and morals.

We are giving below selected parts from Fedorov's interview.

"Where did Minkin get my private conversation? Who is he? A major? A colonel?" (Author's note: Fedorov thinks that he is conferring a military rank on me, but, in fact, he is only confirming that the published conversation really did take place.)

[KOMSOMOLSKAYA PRAVDA] Currently, the passions surrounding the published item are apparently subsiding a little bit. Are you happy about this?

[Fedorov] Either that group which wanted to ruin Korzhakov and Barsukov figured that the matter has been taken care of.... Or someone said: "Stop! Let us investigate." But, while the investigation is going on—they say, let us keep silent for now. And there is a third alternative: the placement of personnel has run its course. After Chubays' appointment as head of the administration, placement depends on this person.

[KOMSOMOLSKAYA PRAVDA] The decision to abolish breaks during the importing of goods into the country, which, as I understand it, hit hard at your

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interests and at the NFS [National Sports Foundation], has been associated with Chubays' name.

[Fedorov] This was a step which was harsh and tough for us. We are beginning to come to an understanding with Chubays. We have come to an understanding with him about everything. By the way, I do not know who is picking on him, but, over all the time of my work with Anatoliy Borisovich [Chubays]... it has been possible to come to an understanding with him about everything.

(...)

[KOMSOMOLSKAYA PRAVDA] let us talk about your relations with Korzhakov and Barsukov.

[Fedorov] My clear-cut position is that I will not testify against Korzhakov and Barsukov, but attempts are being made to use me as one of the witnesses for the prosecution against them.

For a long time, they were, if not fathers to me, in any event, guardians. I never had any doubts about their honesty. And my relations with Mikhail Ivanovich [Barsukov] were quite close. He instructed and advised me on many matters. Therefore, I do not have the right to set them up. (Author's note: I can set them up, but "I do not have the right." Fedorov does not understand what he is saying.)

I do not know what the catalyst for the conflict was—perhaps, the elections, someone got in a hurry or someone did not fulfill his obligations. (...) I talk further with one person. The conversation is sufficiently harsh. I am being given ultimatums. I begin to be afraid. (...) Someone is persuading Korzhakov, Barsukov and Tarpishchev to make mistakes which are making it possible to continue the provocations against me up to this day. And my instant removal? To whom was this necessary? No matter what happened—I was a quite manageable person. (...) And, after all, all they had to do was talk to me and I would have gone abroad for 5 months and made myself scarce. They knew more than anyone else. (Author's note: The most respectable people knew enough for Fedorov to disappear instantly and dutifully.)

My conflict with Tarpishchev is set forth on the cassette. I have already explained how it arose. What did I say in particular?

[KOMSOMOLSKAYA PRAVDA] The published item contained this phrase: "Sasha and Misha are demanding..."

[Fedorov] These are not my words. And, in essence... it was a request from Shamil [Tarpishchev]: he needed available funds for the election campaign. This was like an idea: and it would be good to have this money in cash. By the way, this is what is used in paying performers. (...) And I could never provide $10 million in cash. Shamil gave his all in the campaign. He tried to pull out everything he could. (Author's note: This interview is better than any expert report. Fedorov is repeating everything he said "on the cassette." The way of thinking, the style of speech and the facts. It is just that, on the cassette, he spoke about Taiwanese and here about "not quite legal structures.")

(...) I do not believe that Shamil could organize something against me. Besides, he does not have the people for this. I have always said: he is person who is more likely weak than mean.

(...) I... coordinated each step of mine and discussed it, if not with Tarpishchev, then with Korzhakov or Barsukov....

The epilogue to this interview could be the scene from Dostoyevskiy's "Crime and Punishment," where Raskolnikov shouts at his interrogator in despair and fear: "You want me to betray myself!" To which Porfiriy Petrovich politely remarks: "It is really impossible to betray yourself any more, my dear Rodion Romanovich."

Russia: Vlastilina Boss Sent for 'Megalomania Tests'

964F3035A Moscow KOMSOMOLSKAYA PRAVDA in Russian 27 Jul 96 p 1

[Article by Igor Pankov: "Search for Megalomania at Vlastilina"]

[FBIS Translated Text] Valentina Solovyeva, owner of the notorious "Vlastilina" firm in Podolsk, has changed her prison cot for a hospital bed — at the Serbskiy Institute. The investigative department decided to give the businesslady tests for "megalomania." The reason for intervention by psychiatrists was the planned inspection of the conditions for maintaining individuals in SIZO [investigative solitary confinement] in a Moscow suburb, where Solovyeva has been confined for 13 months. On the very next day she told the investigator in all seriousness, "You know, I had a visit yesterday by the prison chief himself..." The fact that Valentina Ivanovna, as the expression goes, is not herself, was also pointed out by a previously unknown fact in her biography: at the age of seven, she fell head-first into a cellar.

There is another piece of news: Solovyeva will not be incriminated by any illegal currency operations, as had been previously reported. According to a representative of the Moscow Oblast GUVD [Main Administration for Internal Affairs], Lieutenant Colonel of Justice Vladimir Vitkovskiy, "if she is a swindler, then it is unimportant what she stole —rubles or dollars."

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***Russia: Organized Crime's Economic Clout Assessed**

964F3027A Moscow ARGUMENTY I FAKTY in Russian Jul 96 No 30, p 8

[Article by Aleksandr Kakotkin: "Triumphant Procession of Crime"

[FBIS Translated Text] *The first scientific conference on the role of the shadow economy in today's Russia took place in Moscow in July. And even well-informed participants were stunned by a sensational fact that was revealed there. The relative share of the shadow economy in the Russian gross domestic product has reached 40 percent.*

To compare: it is 5-7 percent in the developed countries of the West and up to 30 percent in Africa and Latin America. We are now in second place after Ukraine, where, according to the weekly EKONOMIKA I ZHIZN, this index has already reached half of the gross domestic product. Most of the participants were of the opinion that the main reason for the situation was the incorrect strategy for economic reform.

Who Is Hiding in the Shadows?

According to Dr of Economic Sciences Vladimir Ispravnikov, vice-president of the Free Economic Society, "the shadow economy is the economy functioning outside the field of law. Its key characteristic may be considered to be the evasion of the official registration of commercial agreements or the intentional distortion of their content in registration. At the same time, cash and especially foreign exchange bear the main function of the means of payment. The use of force or its threatened use against subjects of deals is the primary method for the realization of such relations.

The "operative persons" in the shadow economy are divided into two basic groups. **The first is made up of the classic criminal contingent** that exists in all countries. They are dealers in drugs and weapons, racketeers, pimps, etc. **The second group is represented by underground capitalists, from important businessmen and enterpreneurs evading taxes to an impressive army of "shuttles." That is our own "invention," for nowhere else in the world has the government's fiscal tax policy driven such a large number of entrepreneurs—essentially the entire base of the middle class—into the shadows. In particular, the tax on profits reaches 80-90 percent in Russia, whereas it does not exceed 35 percent in the West.**

The goals of these two groups differ substantially. The first is quite pleased with the present state of economic and legal chaos, in which they feel like fish in water. Most of the second group would like to work completely legally but are hindered in this by the present economic policy. Under the conditions of illegality, they are forced to turn to bandit "covers" and "arbitrage" for the successful management of their activities. In this way, they themselves are building up the superstructure of the shadow economy—organized crime. In turn, as bandit groups gain financial power and bribe officials of the state apparatus and law-enforcement agencies, they dominate everything of new enterpreneurs, including those who obey the law. In this way, the circle closes.

The Realities After Perestroyka

With the general introduction of market relations and, in particular, the accelerated privatization in the country, a situation of economic confusion supplemented by legal uncertainty was created in the country. Under these conditions, the growth of the shadow economy and, accordingly, of organized crime reached a scale unprecedented in world practice. **According to the data of the force structures, as of today there are 3,000 individual criminal groups, 70 ethnic groups, and 365 interregional groups operating in Russia. The total number of "fighters" of the criminal world has reached 600,000—this is 10 fully deployed combined-arms armies or three fronts in terms of World War II.** The number of organized criminals was almost equal to that of the personnel of the internal troops of the Ministry of Internal Affairs of the Russian Federation.

Along with the quantitative changes in the area of organized crime, qualitative changes are also taking place. As of today the basic directions of criminal activity are:

—creation of their own commercial structures, banks, and enterprises;

—establishment of control over leading packages of shares of industrial enterprises;

—penetration of banking and credit-financial systems;

—establishment of control over profitable enterprises and private persons;

—striving to possess state and municipal property;

—creation of public foundations of a social nature for the laundering of money obtained from the activities of criminal structures;

—gaining of influence over traditional spheres of the Russian economy that provide for the receipt of foreign exchange: export of oil and raw materials, petroleum products, nonferrous metals, and the like.

Even a quick glance at this information leads to a clear but unhappy conclusion: the present market not

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only could not destroy the shadow economy but on the contrary it is driving a larger and larger share of legal entrepreneurship into it. To a large degree, this is the result of the unprecedented corruption of the state apparatus and law-enforcement agencies that is essentially becoming a union of the latter with the criminal world.

The above was stated about two groups of underground capitalists—purely criminal and those forced into illegality. The victory of any of these groups depended on whose side the state would take. **However fantastic this supposition may seem, it seems that the state took the side of the first group. Accordingly, it has become stronger and already often dictates conditions not only to executive but also to legislative authority.** There is no other way to explain the stubborn failure to pass desperately needed laws on the fight against organized crime, the permissiveness with respect to larcenous high-ranking officials and even ministers, the open contacts and joint dealings of the recent presidential entourage with leaders of the criminal world, and many other things.

Assessing the situation in an interview with ARGUMENTY I FAKTY, Col Aleksandr Mordovets, department chief of the Main Directorate for the Fight Against Economic Crimes of the Ministry of Internal Affairs of Russia, put it this way: **"Today's government lacks the political will to fight organized crime. I am putting it very mildly."**

They Stole Our Country

If no fundamental changes are made in the work of the government and law-enforcement agencies, then Russia faces prospects more horrible than those of Colombia. Organized crime has taken the definite course of seizing property and control of the legal economy. More and more often international structures are being drawn into this process. Thus, on account of the hasty privatization, more than half of the shares of the Novolipetskiy Metallurgical Combine, the largest in Europe, fell into the hands of the company "Kerst Ferst Boston," which does not advertise even its legal address. Again, today the Bratskiy Aluminum Plant, the largest in the world, is almost totally controlled by citizens of Israel, brothers with the family name of Chernyy. **It is understandable that behind the establishment of control of the economy will always be an attempt to seize political power in the country.**

On the basis of the information obtained at the scientific conference on the shadow economy and also the information provided by the Free Economic Society, corresponding services and the Directorate for the Fight Against Economic Crimes of the Ministry of Foreign Affairs of the Russian Federation, and employees of the analytical sector of the investigatory department of ARGUMENTY I FAKTY, a map of Russia has been prepared that graphically shows the distribution of the influence of the shadow economy and organized crime by regions of Russia. It should be noted that the results were unexpected even for the employees of the sector.

The patchy and variegated picture appears at first glance to lack any logical structure. Actually there is logic here and it is quite distinct. Thus, it is apparent even in a quick analysis that the influence of organized crime is greatest in the regions that extract resources (Tyumen, Tatarstan, Yakutia, and Orenburg Oblast), in the port and border cities and rayons, and also in the traditionally "unique" North Caucasus.

On the other hand, the criminal influence is clearly weaker in agrarian oblasts and also in most of the regions where communists and their supporters are in power. There is an exception, however. Thus, Chukotka and Vologda Oblast voted for Yeltsin but there is almost no sign of organized crime. But then, the "reds" led in Belgorod and Bryansk oblasts. This has to do with the fact that in the Belgorod region they began the privatization of the country's largest mining and metallurgical combine and in Bryansk they opened a customhouse and it became a kind of gate to Ukraine, Moldova, and to more remote foreign countries.

One way or another, the underground capitalists, bandits, and corrupt officials already essentially control regions in which more than two-thirds of Russia's resource and economic potential is concentrated. Accordingly, most of the income by-passes the national treasury and goes into their pockets.... But the triumphant procession of criminal authority is successfully continuing in the territory of Russia. The country is gradually turning into one large camp, a kind of GULAG that already has its chiefs, bosses, jokers, and other prison classes. Only whereas under Stalin the people were considered cogs, the fate of gofers has now been prepared for the majority of the population....

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Control of the Economy by Criminal Groupings (in percent)

Key:

1. More than 50 percent
2. 35-50 percent
3. 20-35 percent
4. Less than 20 percent
5. Data for Murmansk and Volgograd oblasts, the Republic of Dagestan, and Nenetskiy, Yamalo-Nenetskiy, Komi-Permyatskiy, and Khanty-Mansiyskiy administrative divisions are being refined.

Russia: 'Khoper' Pyramid Outfit Scams Detailed

964F2793A Moscow ROSSIYSKAYA GAZETA in Russian 6 Jul 96 pp 2-3

[Article by Kirill Vasilyev: "'Khoper' Has Smoothly Taken Away Our Money"]

[FBIS Translated Text] **While the state is beginning to perform indexation and return the savings of Russian citizens who suffered from our untimely inflation of the early 90's, numerous "pyramid schemes," or more precisely—instruments for taking away money from the population—still remain invulnerable to their creditors. Why? Learn the secret of "Khoper," which is called an "A-excellent company."**

The Road Upward

Specifically speaking, like many "pyramid schemes" or "vacuum cleaners," the "Khoper" family officially left the financial showcase at the end of 1994. At that time, in December, A. Chubays, along with his then-deputy D. Vasilyev, told journalists about the critical situation in which certain finance companies found themselves. First and foremost, the discussion centered around identifying "Khoper" as the most obvious representative of the "specific" financial business, after the "MMM."

However, the Government had no means at its disposal to stop the "pyramid." No specific law on the securities market had ever been adopted, and therefore the authorities simply decided to give a verbal warning to their trusting fellow citizens, who were flocking to give up their hard-earned kopeks to various funds "for savings and growth." Yet what happened was like the anecdote about the smartest people in the world. "Had I only known that they would not return anything to me!"

...On that gloomy December day, the reason for the passionate appeal to Russian citizens turned out to

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be the absence of information about the fate of the considerable sums of money collected from the popular masses. According to the data of the MVD [Ministry of Internal Affairs], through advertising alone, 35 out of 59 regional offices of "Khoper" collected 57.5 billion rubles (R). Moreover, most of the money was re-channeled to Moscow—to the AOZT [joint-stock company of the closed type] "Khoper-Invest-Center."

The bomb exploded but, as it often happens, the blast proved to be non-directed. The Central Bank's Moscow Main Administration announced that "Khoper" was operating according to the principle of a classic "pyramid scheme." However, they said, the CB [Central Bank] could have no claims against this company, since its activity was outside the sphere of "CB competency."

It is true, at first the top level of "Khoper" still tried to stall for time, conducting its own game. Thus, according to the company's deputy head of the legal department, Svetlana Bakhmina, the problem boiled down to poor work by the postal service: A letter sent to the company with a request to provide all necessary constituent documents about the place and date of registration, as well as the prospectus of emission, arrived too late. The deadline for filing the documents was 28 November 1994, but the paper from the center, which was evidently sent through the main which operated at a snail's pace, was received by the addressee only on... 30 November.

However, the light at the end of the "Khoper" tunnel began to fade. As expected, in response to the stricter demands of the finance agencies, on 28 December a decision was made in the hotel "Kosmos," and later publicized by the general director of "Khoper." This decision was in regard to stopping payments to investors. It was announced that the principle sums would be "prolonged," and that the interest would be paid out, but... later. At the same time, a massive propaganda campaign was launched, with publication of the "plans of greatness," which, to tell the truth, had already been repeated for several years, with the addition of only a few new and vivid details.

However, let us stop here and try to sort out how, specifically, and from where, "Khoper" began. Especially since, as evil tongues assert, Mr. Konstantinov himself, having handed over the burden of management of the collected capital to his mother, Liya Lvovna, removed himself from the matter. Practically to the homeland of his forefathers, to Israel.

And so, how did "Khoper" start? Not with the name, because even before the clever idea of the clan in Volgograd, they were already using a successful geographic name. Moreover, there is information to the effect that the commercial Volgograd "khopers" tried to defend their own reputation and their successful trademark in court. But, as they insist, the case was cleverly hushed up.

Then again, that is not the essence of the matter. What is more interesting is the upward path of the family, which led sharply downward for the investors of "Khoper-Invest." The co-owners themselves interpret their "success" rather vaguely, in the style of the Great American Dream.

Lev Konstantinov himself once stated that, not having received an education, he sat down, got to thinking, and understood how to make his life. His mother was more "frank:" She said, first my son went to lay asphalt (we are quoting her word for word), then he tried selling tomatoes, and finally, he applied for credit at the bank and... received this credit. It is simply the beginnings of a scenario of the new "Great Gatsby."

But what really happened? From the very beginning, as those in the know believe, the money of "Khoper" began to smell rather suspiciously. Yet at first, in its native Volgograd many were convinced that the firm had the highest authoritative cover, by local standards. And it was not only that the office personnel was comprised of retired high-level officials of the power structures and agencies of authority, people with connections and capacities...

Refrigerator as the Last Argument

Specifically speaking, the unwinding of the "khoper" structures began with the TOO [limited liability partnership] "RAKTs [regional agro-commercial center] 'Khoper'". The office made its debut by practically wheedling signatures out of members of the labor collective, and thereby acquiring the right to lease the large store No. 55. The consequences of such penetration were felt immediately. However, such a turn of events did not suit either the sellers or the director, V. Brakov. And that is when the newly emerging "Khoper" employed the means which were later used repeatedly.

Konstantinov hired an entire new collective, giving his security service strict orders not to allow the lawful workers within a cannon's shot of the store. Moreover, there is information to the effect that Konstantinov's fellows, in order to make Barakov more complacent, placed the director in the refrigeration chamber. The complaints of the unlawfully persecuted women to the OBEP [Public Bureau of Economic Prediction] and the prosecutor's office came to naught, thereby strengthening "Khoper's" reputation as being a structure invulnerable to legal sanctions. And only after appeal to the arbitration court were all the statutes on the basis of which "Khoper" got its hands on the store ruled invalid.

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Soon after that, the Dzerzhinskiy Rayon Court of Volgograd obligated the lessors to pay the labor collective significant compensation for the forced idle time. However, it turned out that, at the moment when the decision was to be lawfully implemented, the specially created branch of "Khoper" which was to pay out the money did not have a single kopek. The first lemon had been squeezed. The groundwork had been laid.

"Khoper's" store period was soon replaced by its hotel period. The family cast its eye on the rather promising hotel "Krugozor," where in return for a promise to perform a repair of the entire building it received all the non-residential facilities for use as office space. And once again, the already practiced methods were put into play: With the support of the local administration and without any great fuss, the director of the hotel, V. Bondarenko, who had opposed the deal as being obviously unprofitable for the state, was dismissed. And his chair was soon filled by one of Konstantinov's associates, by whose hand the agreement with the municipal enterprise, which was profitable for "Khoper," was finally signed.

The director, naturally, was re-instated to work, but by that time the "khopers" felt themselves to be full-fledged owners in the hotel, not even condescending to pay the lease payments. And when the decision on mandatory collection of the lease payment went into effect, as you might guess, the balance of the account of the formal debtor of the "Khoper" concern was an absolute zero. The unlawful agreement with the hotel, which in fact was imposed on it by forceful methods, was again ruled invalid by the court. But, without changing his signature, Konstantinov moved to Moscow with a clear conscience, evidently recalling the prophecy of Chekhov's sisters.

'Throwaways' With a Flourish

You may ask: Why, specifically, are we describing Khoper's games in such detail, if many readers are worried about the prospects of return of the money so naively entrusted to the company? Moreover, it is unlikely that we can realistically evaluate the prospects of resolution of this acute question without getting a feel for the real moral climate existing within the Khoper system itself. The most interesting thing is that in "Khoper," the "dupes" were not only strangers, but even close partners. Here is an example: The case with the general director of the "Khoper" Insurance Company (SK "Khoper"), Viktor Svateyev.

The recount of Viktor Alekseyevich himself sounds like a real detective story from the "World Adventurers" series.

Having created SK "Khoper" and having assumed the responsibility of contributing statutory capital to it in the sum of around R2 billion, "Khoper-Invest" began stalling for time, and then offered the insurance company bank credit instead of the investment.

SK "Khoper" was experiencing a significant shortage of funds, considering the fact that it was to open 30 regional agencies throughout the country. SK "Khoper" was supposed to open these agencies. And then the idea of formulating the transfer of money to SK "Khoper" as acceptance of bank credit was born.

It was presumed that SK "Khoper" would take out sizeable credit at Alpha-Bank under security of the deposit investment of "Khoper-Invest."

Thus, during 1994 SK "Khoper" received R1.7 billion in two installments from Alpha-Bank.

Then again, it is time to let Svateyev himself speak:

"Due to the fact that investment of money in GKO [state short-term bonds] was profitable, at the directive of the SK, Alpha-Bank acquired GKOs. In formulating the credit, more monetary funds were placed on deposit than received on credit. Since the interest rate on the deposit was lower than on the credit, Alpha-Bank made earnings on the margin. The money (credit) received was used to undertake work on opening agencies in various cities of Russia."

"On approximately 24-25 January 1995, L. Konstantinov asked, in connection with the temporary financial difficulties, that the credit funds held by SK Khoper be returned. Despite the fact that the credit agreement had been drawn up for 3 years. Therefore, I was asked to sign an agreement according to which SK Khoper handed over to Khoper-Invest, interest-free for a 10-year period and under an agreement on joint activity, the monetary funds obtained as credit from Alpha-Bank. I posed the following question to the Khoper's lawyer, Ikesheli: 'Why does this have to be formulated in this manner? After all, Alpha-Bank will withdraw Khoper-Invest's deposit, which is being held as security.' In response, the latter literally bowled me over by saying that they may not return the credit in the name of SK Khoper, since the general director of Khoper, Kalachinskiy, was not authorized to sign the deposit and security deposit agreements."

"The discussions, whose purpose was to convince me to transfer the money, lasted for several days. The agreement on joint activity was given to me for signature on the 30th of January. I again refused to transfer the money to Khoper-Invest directly, without repayment of credit. After conferring with the vice-president of Khoper-Invest, Tagir Abbazov and his

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bodyguards, including two associates of the militia, took away my keys, stamp and dictaphone. These events occurred in Moscow, near the Hotel Yaroslavskaya (metro VDNKh), where Khoper leased floors in various buildings. The guards were looking for me to give them the slightest provocation to start a fight. This was after they took away my keys and stamp."

"A day later, the new general director, appointed by Khoper-Invest, (he was also L. Konstantinov's assistant) sent a payment authorization to Alpha-Bank for transfer of the SK's money to Khoper-Invest. And only after my warning did the bank demand early repayment of the credit."

In April of 1996, by decision of the court, Svateyev was re-instated to the office of General Director of SK Khoper.

The Investigation Is Not Concluded—Do Not Forget!

As they say, no matter how long shady deals are woven, the end will be found. Specifically, the RF MVD Investigative Committee is aware of the fact that various "pyramid" methods of taking money from the population, despite all their obvious amorality, do not have great judicial prospects. Yes, there are cases filed under Article 147, according to which individuals may be incriminated for spending funds entrusted to them for safekeeping.

However, the MVD investigators with whom we consulted reasonably believe that it is easier to accuse the pyramid builders than to judicially punish them. It is practically impossible to prove that the entire undertaking was built with premeditated criminal intent. In fact, for this it is simply necessary to obtain the confession of the "financiers" themselves. And this, we must admit, is a situation which is "in the realm of fantasy." Even if we presume that, due to a fantastic confluence of circumstances, frank admissions are obtained and formulated in accordance with all the regulations, the investigative agencies would have to perform an entirely insurmountable task at the end. They would have to question every single investor (and, in the case of "Khoper," for example, there are millions of them), and sort out those who lost their entire investment from those few lucky ones who managed to return their money in full or in part, in the nick of time. And in order to solve such a large-scale problem, as we were confidentially told in the MVD, the entire apparatus of the Investigative Committee would not be enough...

In short, from the desired to the actual it is seven versts, and all through the forest, as they say. Therefore, it is unlikely that the "khopers" risk anything for their pyramid building. It is another matter that some criminal nuances in the activity of Khoper's branches, and specifically the AOZT "Khoper-Invest-Center," in the opinion of professional investigators, remain the subject of ongoing investigation.

The pre-history of this investigative episode is not a great revelation. As our sources in the MVD of Russia believe, up until the middle of 1994 the funds accumulated by "Khoper" were simply kept, without excess movement, primarily in safe-deposit boxes in commercial banks. We are not talking here about deposits or purchase of securities, but specifically about storage in safes, for which they even had to pay. However, somewhat later "Khoper" changed over to directly opposite combinations. This marked the beginning of the era which may be defined as the "throwaway" of several banks.

The scheme was always the same. Large sums, in the billions, were placed in deposit accounts opened in certain banks. It is noteworthy that the money was brought in cash, in bags. The negotiations on opening the deposit accounts were conducted openly, which in general is not characteristic for an environment where commercial secrets are as closely guarded as the apple of one's eye. Moreover, so firmly and closely that no Milchish-Kibalchish could ever imagine. But here was direct "access." Why?

The cash money is understandable, if we follow the "Khoper" scheme further. Literally a few days later, emissaries from "Khoper" who participated in the negotiations with all the powers of attorney, under which the bank was asked to issue the money placed on deposit as credit to a certain office, came to the bank (Real, MABI). And here, in this same cash, the money was taken out of the bank, never to return to its vault. At the designated time, the "Khoper" emissaries arrived to receive their deposit, along with agreed-upon interest, and in response to the question: "Why, what do you mean? At your authorization, we credited your agent firm!", they would shrug their shoulders and say: "What authorization? That is pure 'rubbish'! Someone has seriously duped you, Mr. Bankers." And the banks were in fact forced to pay out twice, returning "Khoper's" deposit investment. So, was it slight of hand or...

Naturally, the "Khoper" management maintains that it is not at fault. And in fact, in such classic "throwaway" schemes there is much which is unclear. It is obvious that those who work in the banks are not dilettantes, but seasoned veterans. You would think that they could verify ahead of time what firms they should credit, how reliable they are, and whether they are in fact real. Moreover, the money certainly does not have to be

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transported to the banks in cash. After all, there is too great a risk that the truck stuffed with billions will be seized by professional combatants.

So then, why did the banks nevertheless agree to such a scheme? But the main thing is why have the banks who have suffered the losses not acted as the initiators in filing criminal cases? Could it be because they do not want to publicize their own lack of professionalism? That is hard to believe. Very hard, indeed. Are they afraid to stir up the influential criminal structures which, perhaps, patronized such schemes and collected their "gold dust?" Or could it be that certain bank managers have closed their eyes to this obvious affair by reason of some banal bribe? They were greased, and the matter proceeded on? There are many versions.

It is another matter that the "investigators" have supposedly found one seemingly criminal thread. As it turns out, the question here is not simply one of the presumed "throwaway." After all, the cleanliness of the money which is so exotically circulated through the banks is also greatly questionable. Preliminary analysis of the cashier's documents showed that there is no cashier's receipt for R5 billion which were placed on deposit account of the MABI bank. The money was deposited, but did not go through the "books" of AOZT "Khoper-Invest-Center"—a branch specially created in Moscow exclusively "for investment operations". Then where did this money come from? From the dirty air?

We might add that, from unofficial contacts with investigators, we learned about one other suspicion: In their opinion, the cashier's documents which were later submitted by "Khoper-Invest-Center" evoke some doubt, to put it mildly.

Today this department of the "Khoper" empire has become the object of investigation. More precisely, according to our laws, the suspicions fall personally on the management of AOZT "Khoper-Invest-Center." The managers of the empire, including L. Konstantinova, are being called as witnesses. And the investigation continues...

Russia: Kutafin on Citizenship Law Problems

964F2920A Moscow ROSSIYSKIYE VESTI in Russian 11 Jul 96 p 3

[Interview with Oleg Kutafin, chairman of the Russian Federation Presidential Commission on Questions of Citizenship, conducted by special correspondent Ninel Shcherbina: "No One Will Destroy the Bridge of Citizenship"]

[FBIS Translated Text] **We know that in the totalitarian state the authorities often resorted to revokation of citizenship of objectionable people. This concerned their political convictions, and forced deportation. Today freedom has become the main blessing of Russia. Political, economic, personal and spiritual freedom. Yet freedom alone cannot guarantee either order or justice, although it does create a basis for them. It is specifically law, born by the democratic means, that cements the foundation of justice in our life. So, does this mean that today anyone who lives in Russia or in the CIS and Baltic countries can become a citizen of Russia? This problem, as well as others, is the topic of the interview by our special correspondent with academician and distinguished leader of RF [Russian Federation] science and chairman of the Russian Federation Presidential Commission on Questions of Citizenship, Oleg Kutafin.**

[Kutafin] "The commission has been in existence since 1992, since the implementation of the new law, 'On RF Citizenship,'" says Oleg Yemelyanovich. "We have drawn the first conclusions, developed a statute on the commission, and introduced amendments. We would like to appeal to the president with a request to ratify them, as well as the new complement of the commission. We are also proposing amendments to the Law on Citizenship. And not because it is bad or not good enough. It is simply that any law in our time of legal and economic transformation requires certain revision. It was in the Soviet period that laws did not enter into contradiction with life. Because the judicial system did not operate in the interests of the citizens, and political problems did not arise: They were cut off at the root behind closed doors of party institutions. Today life has changed significantly. All the small details which have not been properly thought out appear as an eyesore to citizens, jurists and the Constitutional Court. It is difficult to foresee everything ahead of time. And so, we are trying to eliminate the shortcomings in the Law on Citizenship.

[Correspondent] Is this associated with the problem of acquiring citizenship? And who is most interested in this?

[Kutafin] Our commission meets once a month and reviews up to 700 applications. Then it submits its recommendations to the President of the RF. Moreover, the applications are from persons living not only on the territory of Russia, the CIS and the Baltic, but also from those living in the far abroad. For example, a girl was a citizen of the USSR, lived in one of the republics, then married a foreigner. She asks to retain her Russian citizenship. And this is no accident. Our law is more liberal than in the former republics, where it is much more difficult to obtain citizenship. And we are granting her request.

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There are also cases of acute nostalgia for the Homeland. A person has lived his whole life abroad, but remembers that he was born in Russia and that his parents were Russian. And so he writes to us, saying that he would like to die a Russian citizen. And we treat such requests with respect.

But there is also such a category of commercialists from the near abroad who want to use their Russian citizenship to make it easier for them to engage in business without the tiresome filing of documents for exit or entry. It is difficult to suspect them of having any love for Russia.

[Correspondent] Do you receive applications from those who are asking to be granted the right of political asylum?

[Kutafin] We have granted the request of a citizen from the Korean People's Democratic Republic. However, we have not yet reviewed the application of Mutalibov.

[Correspondent] How is the problem of acquisition of Russian citizenship resolved for the Russian-speaking population of the CIS and Baltic countries?

[Kutafin] In order to significantly simplify this procedure, President of Russia B. Yeltsin issued an edict on 24 October 1994, in accordance with which former citizens of the RSFSR may file application to the internal affairs agencies at their place of residence, where their citizenship will be reinstated. But there are all kinds of cases. Thus, recently we received an application from a citizen by the name of Smirnov. He lived on the territory of the Russian Federation, then got married and moved to Lithuania. Now he is divorced and has returned to Russia. It was recommended to him that he file the appropriate documents not for reinstatement, but for acceptance. This seemed insulting to him. The Constitutional Court ruled in favor of his request, and adopted the decision to interpret Article 16, point "g," which deals with registration of citizens, in the following manner: If a citizen of the RF goes abroad, and then returns for permanent residence to the RF, not having lost his citizenship anywhere, then his rights are automatically reinstated. He need only register with the internal affairs agencies. Why am I focusing attention on this? Because this is the problem not of one person, but of 25 million people living in the countries of the near and far abroad.

Recently, SOVETSKAYA ROSSIYA published a letter from the entrepreneur Zinovyev to the effect that, because of our draconian laws on citizenship, 25 million of our fellow countrymen have been removed from political life. He demands that the State Duma immediately amend the law and grant all fellow countrymen the right to vote and to be elected. That is, to participate in elections for President of Russia. Our law allows those who were born on the territory of Russia and who return home for permanent residence to participate in elections once they have registered with the internal affairs agencies.

[Correspondent] For Russians living in the Baltic countries, the question of citizenship has become a vital one. How is it being resolved today?

[Kutafin] They have decided to punish Russians for the fact that the USSR once occupied these countries. Despite the fact that these people were not a party to this. This was the general policy of the totalitarian state, and there were people who facilitated this, on the part of the USSR as well as on the part of Estonia, Latvia and Lithuania. Therefore, to infringe upon the rights of the Russian-speaking population for that which happened in the 40's is, perhaps, more than senseless. That is not how things are done in civilized countries.

[Correspondent] How is Russia defending them?

[Kutafin] In accordance with the presidential edict, we have created a fund for aid to our fellow countrymen under the name of "Rossiyane," which will engage in the resolution of these problems. The fund has financial provision. The purpose of its creation is reduced to seeing that Russians, regardless of where they live, should feel that they have a historical homeland, where they will always be helped in overcoming life's difficulties.

[Correspondent] How is the question of introduction in Russia of new documents verifying the identity of an RF citizen being resolved?

[Kutafin] This question also figures in our proposals to the president. The documents have been ready long ago. They bear the symbolics of the Russian state, but have not yet been ratified. And the RF Constitution states that all these questions are regulated by law. A draft of this law has been submitted to the State Duma for review.

Russia: Edict on State Support for Culture, Art

964F2801A Moscow ROSSIYSKAYA GAZETA in Russian 9 Jul 96 p 3

[Text, under the rubric "Edicts of the RF President," of Edict of the RF President "On Measures To Increase State Support of Culture and Art in the Russian Federation"]

[FBIS Translated Text] In an effort to increase state support of culture and art in the Russian Federation, I decree the following:

1. Confer the status of a presidential program on the federal target program entitled "Development and Preserva-

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tion of Culture and Art in the Russian Federation (1997-1999)."

2. Form a Council on Art and Culture under the president of the Russian Federation.

The director of the Administration of the RF president is to submit a statute on this Council and its make-up for approval within 1 month.

3. Starting on 1 January 1997, increase the size of stipends for prominent figures of culture and art of Russia and talented young creators of literary, musical, and artistic works established by RF Presidential Edict No 1,904 dated 12 November 1993 and entitled "On Additional Measures of State Support of Culture and Art in the Russian Federation" (SOBRANIYE AKTOV PREZIDENTA I PRAVITELSTVA ROSSIYSKOY FEDERATSII, No 46, 1993, p 4,449) by setting them at a sum equal to eight times the minimum labor payment envisioned by Russian Federation legislation.

4. Create 100 annual grants of the RF president to support creative projects of national significance in the area of culture and art.

Establish that the total amount of capital to pay the grants comes to 5 billion rubles [R] a year (with annual indexing).

5. The Russian Federation Government is to do the following:

in preparing drafts of the federal budget for 1997 and subsequent years, include financing of especially valuable objects of the cultural legacy of the peoples of the Russian Federation in the list of protected current expenditures of the federal budget which are subject to full financing;

in realizing Russian Federation Presidential Edict No 833 dated 7 June 1996 and entitled "On Measures To Raise the Social Status of Workers in Education and Health Care," envision appropriate measures to improve the conditions of labor payment of workers of state and municipal organizations of culture and art;

transfer buildings and structures which are under federal ownership and are used by state and municipal organizations of culture and art for charter purposes with the right to lease them for more than 10 years to those organizations for operational management;

review the question of transferring objects of real estate which are under federal ownership and are used by all-Russian creative unions and their local branches and organizations for charter purposes in accordance with Russian Federation legislation to the ownership of those organizations;

ratify the statute on the procedure for awarding grants of the Russian Federation president to support creative projects of national significance in the area of culture and art on a competitive basis and define the sources for financing them.

President of the Russian Federation B. Yeltsin

Moscow, the Kremlin 1 July 1996 No 1,010

Russia: Decree on Federal Program for Small Cities

964F2801B Moscow ROSSIYSKAYA GAZETA in Russian 2 Jul 96 p 3

[Text, under the rubric "Documents," of Russian Federation Government Decree No 762 dated 28 June 1996, city of Moscow, entitled "On Ratifying the Federal Comprehensive Program for Development of Small and Medium-Sized Cities of the Russian Federation in Conditions of Economic Reform," with commentary by Boris Radyuk, chief of the construction department of the RF Government apparat: "The One-Story Province: Tomorrow's Weather"]

[FBIS Translated Text] In order to execute Russian Federation Presidential Decree No 775 dated 24 May 1996 and entitled "On the Federal Comprehensive Program for Development of Small and Medium-Sized Cities of the Russian Federation in Conditions of Economic Reform," the Russian Federation Government **decrees** the following:

1. Ratify the Federal Comprehensive Program for Development of Small and Medium-Sized Cities of the Russian Federation in Conditions of Economic Reform (hereinafter called the Program).

2. Stipulate that the Russian Federation Ministry of Construction is the state client of the Program.

The Russian Federation Ministry of Construction is to follow the established procedure to resolve the question of transferring some of the functions of the Program's state client to the Union of Small Cities of Russia on a contract basis.

3. The Russian Federation Ministry of Economics is to include the Program in the list of federal target programs proposed to be financed using federal budget capital.

4. The Russian Federation Ministry of Economics, the Russian Federation Ministry of Finance, and other interested federal organs of executive power are to envision the allocation of capital to finance the Program every year starting in 1997 when forming drafts of the prognosis of socioeconomic development of the Russian Federation and the federal budget.

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5. Recommend to the federal organs of executive power, the organs of executive power of the subjects of the Russian Federation, and the organs of local self-government to consider the Program when developing and realizing federal and regional target programs involving the development of small and medium-sized cities.

6. The Russian Federation Ministry of Construction together with the Union of Small Cities of Russia is to submit a report on progress in the Program's realization to the Russian Federation Government every year.

Chairman of the Russian Federation Government, V. Chernomyrdin

[Commentary]

Boris Radyuk, the chief of the construction department of the RF Government apparat, comments:

The need to develop and adopt this Program is the result of the state-wide significance of small urban settlements, the scope and acute nature of their socioeconomic problems, the weak socioeconomic base, and the weak social and economic protection of their residents during the period of the economic reforms.

The Program is oriented to resolving the problems of the development of the Russian Federation's 3,066 urban settlements with populations up to 100,000-150,000 residents and urban-type communities with a total of about 45 million people. These populated points are the sources and keepers of the history and originality of the peoples of Russia and national culture and traditions and centers of gravity in the settlement pattern systems of significant, above all rural, territories.

The Program's main objective is to provide a way out of the crisis of small and medium-sized cities and urban-type communities in conditions of the formation of market relations. This means creating interrelated legal, financial, economic, organizational-management, and other foundations and conditions which allow small and medium-sized cities, having become full-fledged subjects of self-government, to effectively use above all their own natural, labor, and management-economic resources.

The Program's realization will help resolve chronically neglected problems of the socioeconomic and cultural development of small urban settlements, help them overcome the state of crisis, and help improve the level of social protection and well-being of their residents.

Emergency measures focused on socioeconomic stabilization and formation of socioeconomic mechanisms of reform of local self-government are needed.

The Program is being realized on three levels: the local, regional, and federal levels. It contemplates the participation of organs of the representative and executive branches of power at the local and regional levels, economic structures of different forms of ownership, and the population, and on the federal level—the Russian Federation Government represented by ministries, departments, and other federal organs and the Union of Small Cities of the RF.

The measures include three basic blocks: the federal block (measures on the federal level); the regional block (all regional programs of development of small and medium-sized cities and urban-type communities; and the city level (all urban development programs).

The financial potential of the federal level and the potential of regions and urban settlements have been taken into account in determining the resource base for the Program's realization.

The capital of the federal budget and the budgets of the subjects of the Russian Federation and urban settlements participating in the Program, nonbudget sources of financing, foreign investments, and debts of foreign states are to be used for financing. In the process, the basic sources of financing are determined in the regions and locally.

Financing of the federal block must be carried out from the federal budget, while financing for regional and urban programs includes attracting the capital of regional and local budgets and nonbudget sources.

The document presents a complex of measures to provide management of the Program's realization and control over the course of its execution.

The Program has a number of features which distinguish it from most federal target programs and define its character. It unites existing federal target programs for developing certain small urban settlements of various types (single-specialization industrial communities, cities which are scientific centers, historical, "closed," and Northern cities, and other cities) and ones which are being developed into a single block with the rights of subprograms; this will make it possible to take their specific features into account.

Insomuch as small and medium-sized cities are the "capitals" of rural areas and economically closely related to big cities, the Program's realization will help develop both rural settlements and large cities and boost the well-being of their residents.

The document adopted by the Government is a mechanism for direct realization of the socioeconomic and regional policy of the Russian Federation Government and

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its major task—developing Russia's small and medium-sized cities.

Russia: Foundations' Activities, Functions Studied

964F2969A Moscow KOMSOMOLSKAYA PRAVDA in Russian 20 Jul 96 p 2

[Article by Dmitriy Babich and Igor Chernyak under "KOMSOMOLSKAYA PRAVDA Investigation" rubric: "Retirees, Hold the Orders!"

[FBIS Translated Text] *Our president may be accused of whatever you like except stinginess. All of "yesterday's" politicians have the right to count on a personal foundation in the center of Moscow.*

Every Saturday for the last several weeks one could observe a rather strange sight in the yard of the former private residence of the princes Yusupov, House 21, Building 4 on Bolshoy Kharitonyevskiy Pereulok. Next to the residence stood the leader of the LDPR [Liberal Democratic Party of Russia] with his guard, loyal deputies, and entire household and demanded the immediate occupation of the building. In response to a suggestion by Nikolay Gegomyan, president of the Foreign Economic Directorate of the Russian Academy of Agricultural Sciences located in this building that he look out for his nerves, Zhirinovskiy shouted: "I will cause you to have a heart attack! I will come here every day at 0600. You are talking with the vice-premier but these are all my ministers" (here the leader pointed to the deputies—D.B.).

Vladimir Volfovich was emboldened by an agreement reached between him and Vitaliy Zelenkin, deputy chairman of the Committee for the Management of State Property, on the transfer of the entire palace with an area of 2,111.1 square meters that Peter I gave to the princes Yuposov to V.V. Zhirinovskiy to use for 10 years for...the placement of the staff of assistants of the parliamentary group of the LDPR. The agreement was signed on 27 June 1996, by pure coincidence immediately after Zirinovskiy cursed the communists and gave his support to Yeltsin in the election.

This time, however, it did not work. Vladimir Volfovich was not able to put his furniture under the 16th-century frescos in the dining room before a threatening directive arrived from President Yeltsin demanding that he leave the agriculture people alone (the building had been turned over to the Russian Academy of Agricultural Sciences by presidential edict on 30 January 1992).

Now Zhirinovskiy will have to remove his chairs. But someone did sign the "agreement." "I myself worked in CPSU Central Committee and I know buildings are never transferred so simply," thinks the "winner" Gegomyan.

Our president may be accused of whatever you like except stinginess. Practically every one of his companions in arms who gave up his authority for one reason or another established some sort of foundation, corporation, or political movement. We will give the addresses of only the best known of them.

The humanitarian and politological center of Gennadiy Burbulis "Strategiya" was located on the fifth floor of the building of the Ministry of Economics at 19 Novyy Arbat. There are a total of 20 experts, drivers, secretaries, and accountants working at the center. All of their work is basically dedicated to the elaboration of the "strategic political scenarios" of Gennadiy Eduardovich and also to guaranteeing his victory in the elections in the city of Pervouralsk in Sverdlovsk Oblast, where in December 1995 he was able to beat his opponent Yachmenev. Some mysterious insurance companies are providing the money for the leasing of the premises on the most expensive street in Moscow, where each square meter costs as much as a thousand dollars a year. Burbulis himself feels comfortable in his three rooms and is not experiencing any remorse about the collapse of the Union: "The united state could have been saved as late as 1982 but after that it was doomed," he told your correspondent confidentially.

Burbulis' neighbor Vladimir Shumeyko established himself more solidly: his movement "Reforms—the New Course" obtained almost the entire 24th floor of that same building on Novyy Arbat. There is room for security and a press service. Vladimir Filippovich inherited this space from the lawyer Makarov. Everything was whitewashed again and renovated before the move. But long after that, in the words of Shumeyko's press secretary Vladimir Mitrofanovich, some businessman called and claimed that Makarov had turned that space over to him.

Shymeyko himself asserts that he urgently needs this space, for his movement "has a million supporters" and "democracy is not a cheap thing." Let us agree.

The "Gorbachev Foundation" was sheltered in 750 square meters of the building of the Financial Academy on Leningrad Prospect. It has a staff of 80 people. They can dress as they please. Their way of thinking is that of the "pique vests." They work together with the Gandhi Foundation, which, as you know, went to Dandy, with the foundation "Reform," and with countless other foundations and foreign universities. They discuss the problems of nuclear disarmament, ecological safety, "big Europe," and, of course, Gorbachev's merits to humanity. All of them are fed by Gorbachev himself, who collects

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an average of $100,000 per lecture. Initially there were 700 people working in the "Gorbachev Foundation" but in 1992 all of the premises of the foundation were turned over to the Financial Academy. It was necessary to dismiss almost everyone to save money. A strip-tease bar opened in the building of the academy and the meticulous press did not fail to accuse Mikhail Sergeyevich of an inclination toward cheap show business.

Analogous organizations were opened by Ivan Rybkin (the foundation "Concord" [Soglasiye] and his former deputy, the ex-"Zhirinovets" Aleksandr Vengerovskiy (the foundation "National-Democratic Vanguard." After leaving the government, the former Minister of Economics Andrey Nechayev received for his Russian Financial Corporation the status of a state enterprise and a building next to the State Duma on Georgiyevskiy Pereulok, House 1. The former head of the president's administration Yuriy Petrov located his State Investment Corporation set us specially "for him" on Myasnitskaya Ulitsa, House 35. Part of the building is being successfully leased.

...The foundation of the Union of Veterans of the ZGV [Western Grouping of Forces] was formed back in the days when our forces were in Germany. The foundation office was located on Zubovskaya Square in one of the wings of the Military Academy imeni M. Frunze. The scope of the new neighbors could be heard at once: they remodeled the wretched quarters of the poor academy in a chic European style and computers, expensive furniture, etc. appeared here. The foundation was headed by the rather well-known Matvey Burlakov.

The general responded evasively to the questions of the press about where the money came from. First he said that all of the officers and generals of the ZGV pooled their resources and gave whatever they could and this is how the initial capital was raised. Then he suddenly remembered that the foundation received a share of its funds from the sale of surplus military equipment and property of the ZGV—with the permission of Pavel Grachev.

"Did you really collect money for the foundation?," I wanted to know from one of the officers who served in Germany. "Yes, they once orderd us each to give 5-10 marks," was the answer. The sum would seem to be a small one but obviously it cannot be called the main source. But the surplus property of the ZGV.... As you know, the distribution of all the receipts from its sale was strictly regulated by presidential edicts and government decrees. About 60,000 officers without apartments served in the ZGV and repeatedly B. Yeltsin and V. Chernomyrdin quite reasonably ordered the use of the receipts from the sale of equipment and property for the construction of housing for service personnel. One could not find any mention of any foundations. And there is one other curious feature: the members of the board of the foundation admitted to journalists in an interview that important German businessmen also participated in the formation of the ownership capital. How is it that the pedantic Germans, who do not spend a single mark in vain, suddenly had such a burning love for Russian military people?

And there are other questions. How was the "used" equipment of the ZGV—from passenger cars to trucks, cranes, and dump trucks—transferred to the balance of the foundation and how is that it is now traveling the roads of Europe moving cigarettes, distilled spirits, and other items? How is it that a purely commercial organization was able to establish itself in the territory of a military institution? And why do the veterans of the ZGV have their own foundation, whereas the veterans of the north, central, and southern groups of forces do not?

One of the main statutory tasks of Matvey Burlakov's foundation is to provide comprehensive help to veteran service personnel of the ZGV. We ask officers who served in Germany to respond: When and how did this organization help them? Or was Deputy Minister of Finance A. Vavilov, who once headed the investigation of several analogous foundations, wrong when he wrote in a note to V. Chernomyrdin that they spend only a small share of the available funds on social protection and a number of foundations are only a cover for the laundering of money?

Media Issues

Russia: Gurnov on RTR TV New Plans, Policy Changes

964F2845A Moscow MOSKOVSKIYE NOVOSTI in Russian 30 Jun 96-7 Jul 96 No 26, pp 28

[Interview with Aleksandr Gurnov, by Marina Podzorova, under rubric "Meeting": "It's Not Interesting for Me Just To Read the News..."]

[FBIS Translated Text] **Aleksandr Gurnov no longer works as an RTR correspondent in London. Gurnov, one of the creators of the TSN program that was famous in its time, and already one of the "patriarchs" of the Russian television channel, returned to Moscow at a moment of great changes in the company, at the founding of which he had at one time stood alongside of Oleg Poptsov.**

[Podzorova] Why did you return so quickly from London? Previously journalists used to prefer to stay abroad as long as possible.

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[Gurnov] Yes, of course, life is very pleasant there, but... After a while you begin to feel that you are not needed, and I'm just not used to that. Lively interest in a foreign correspondent in Moscow is revived only on the eve of some official visit.

[Podzorova] You always stubbornly defended the right to give an "author's" intonation in the news. It seems also that you were not shaken by your long acquaintance with your Western colleagues. Didn't you notice that that "author's" intonation frequently becomes a manner for proclaiming and pontificating?

[Gurnov] If anyone gets that opinion, then for me that is a minus, because I would want least of all to appear to be an edifier. But if you are talking about an author's intonation in general, then... We have a specific country, where people are not ready to perceive unpersonified information. And it seems to me that the secret of the popularity of the "old" team of TV anchor men lies in the fact that we always experienced what was occurring, right alongside of the viewer, and we could not conceal that. And I always did that not intentionally, but genuinely.

[Podzorova] Let us assume that. But doesn't it seem to you that that approach has become somewhat obsolete? At any rate, for the news?

[Gurnov] What I present currently is not only the news. The new concept lies in the fact that "News" at 2000 hours is a summational kind of program, which offers not only information, but also an analysis of the events of the day.

[Podzorova] Does the viewer know that?

[Gurnov] Maybe he doesn't, because the leadership of the "News" editorial board is not completely delighted with this concept. It accepted the "special" program under the pressure exerted by the "evening" anchor men. We were not allowed to change the name even to "News at 20" — in order to set them off. However, it is no longer interesting for us members of the old team of anchor men simply to read the news. We have, so to speak, grown out of those pants.

[Podzorova] Why did you rush back here so fast? Life is interesting in London, and here too...

[Gurnov] First, I brought back to Moscow my project with BBC. It is a project for a joint editorial board that would produce a daily information and analysis program simultaneously for Moscow and London. To tell the truth, originally this was Yura Rostov's idea. As usual, the English thought about it for a long time, wavered back and forth, and considered all sides of the matter. We agonized over that project for two years. And then, when they were ready to sign all the papers, Poptsov was removed. The project was locked on him very strongly — the British perceived Poptsov as the guarantor of democracy on the state TV channel. Putting it succinctly, if everything has not been buried now, it has a very indefinite period of time left.

[Podzorova] Speaking of Rostov. Has he left "News"? Unlike you, isn't he being drawn to Moscow?

[Gurnov] I think he's being drawn, but... The reason that he gave for refusing to return is that he would gladly continue working, but not in today's "News." I understand what he had in mind. On the one hand, big stakes are being placed on you in the program, but, on the other hand, very little depends on you. The people who go directly out on the air have been removed from the process of making the decisions that pertain to that air time. In general, your job is just to push the button.

[Podzorova] Does that also extend to you?

[Gurnov] To a very large extent, yes. But there is something else that is more troubling to me. As we say — "on 'News'"—there is no team now. And there is no one who, day to day, from broadcast to broadcast, determines the concept and the "face" of the news. Incidentally, Poptsov and I discussed this several times, and he agreed that the editorial office should have an editor in chief. For example, NTV has Oleg Dobrodeyev. He is unknown to the viewer, because he does not appear on the screen, but without him it is impossible to imagine information on NTV.

For the leadership of our editorial office, as frequently happens, the administrative functions merge smoothly with the political ones. What kind of formation of a concept can we speak of when, with the arrival of Sagalayev, the leadership mutinies under the slogan "we shall not bend down before the onslaught of Yeltsin's pre-election headquarters," and two weeks later, during the handing over to the president of a certificate "in recognition of the great contribution to the growth of Russian television," it swears, in the name of "News," to do everything to assure that the president wins the election?

[Podzorova] If I understand you correctly, the person who should occupy the place of the editor in chief of "News" is yourself?

[Gurnov] Poptsov had a conversation with me on that subject and, I emphasize, the topic was not only the administrative functions, but also, specifically, the creative leadership of the program. But I was definitely not planning in any instance to leave the air.

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[Podzorova] But while you were traveling from London to Moscow...

[Gurnov] ...The circumstances changed. To a large extent that was determined not only by the change in the company leadership, but also by the pre-election situation.

[Podzorova] Did you discuss "your" question with Sagalayev?

[Gurnov] Yes, we discussed it. He suggested that we return to it after the election.

Military & Space Issues

Russia: KRO Chairman Rogozin Interviewed

964F3079A Novosibirsk SOVETSKAYA SIBIR in Russian 27 Jul 96 p 5

[Interview with D. O. Rogozin, chairman of the Political Council of the Congress of Russian Communities, conducted in Novosibirsk by A. Zharinov: "A Pendulum for the KRO [Congress of Russian Communities]"; date of interview not given]

[FBIS Translated Text] **Dmitriy Olegovich Rogozin was born in 1963 in a military family. His father is a doctor of sciences and professor. His mother is a physician.**

He graduated from the Journalism Division of Moscow State University in 1986. He worked in the mass media and public organizations.

He has been in politics since 1990. He was a founder of the Congress of Russian Communities, first the international KRO (1993) and then the KRO political movement.

In 1992 he initiated the sending of an inquiry to the RF Constitutional Court concerning the unconstitutionality of the Belovezhskaya agreements. Alas, to no avail.

He believes that "Russia has a future when it knows the history of the treaties it has concluded, when it remembers and values the blood and sweat that our ancestors shed in order for us to have a great state. And thus no one has the right to squander away that state.

[Zharinov] Dmitriy Olegovich, what brings you to Novosibirsk?

[Rogozin] It's a planned visit to one of Russia's major regions in terms of population and economic potential, and the geographic center of the state. I would like to understand what has changed since the election, what needs to be done with our organization, and how it should be developed.

And then, our elections did not really end on 3 July. Ahead lie elections to the oblast Council of Deputies, in which we have an interest.

[Zharinov] Tell me, what's your general assessment of the RF presidential election?

[Rogozin] It's perfectly plain how I asses them: what should have happened, happened.

[Zharinov] You didn't expect different results?

[Rogozin] I did not, because I saw, in principle, the campaign of the opponents—the CPRF [Communist Party of the Russian Federation] and the popular patriotic bloc. I realized that it was simply impossible for them to expect to win with that sort of election campaign.

Politics recognizes crystal-clear thoughts and ideas. When fairly simple things are explained in a complicated fashion, the results will be rather poor. If that bloc called itself the popular patriotic bloc, it should have sternly pointed out the mistakes and crimes that have been committed in recent years. But for some reason that was not done. Zyuganov allowed himself to be drawn into some sort of debate. He was constantly trying to justify himself. That is why the results were rather poor.

[Zharinov] But can the election results be considered a complete and conclusive victory for Boris Nikolayevich Yeltsin? Or are there questions here that merit reflection?

[Rogozin] I do not regard political elections as a victory for any one person. Yeltsin is a perfectly understandable phenomenon for Russia. Just as Zyuganov is a phenomenon, but he did not get the necessary number of votes.

I think that in reality the 3 July election was the beginning of a new era for Russia. An era that will demonstrate the absolute senselessness of a continued confrontation between leftists and rightists. That pertains to the economy, as well: it is clear that whoever comes to power now will have to tackle the tasks that are demanded by associations of the entire nation, the entire people.

[Zharinov] Evidently it is no accident, is it, that lately Yeltsin has started talking about the need for a national ideology in Russia? And that Zyuganov has started talking about the need to apply the Russian idea to the concrete activities of the state?

[Rogozin] That's true. We backed that idea together with Lebed. Therefore, I think that now more and more political forces are beginning to realize that the national idea can become a unifying idea for both leftists and

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rightists, and possibly our only way out in the existing situation.

[Zharinov] It is evidently long past time to turn the political opposition's relations with the authorities into a more civilized channel. It has recently been learned that the State Duma passed on first reading a Law on Legal Guarantees of Opposition Activities in the Russian Federation. Could you comment on it?

[Rogozin] The gist of it comes down to one thing: in principle, the reason that human reason invented politics is so that, within the framework of a parliament and other social institutions, it would not turn into a real confrontation between various social groups. It is another matter that every regime should understand perfectly well that if 10, 30 or 40 percent of the voters have given their votes to another political force, that means that the power of that regime will unquestionably lie its intelligently allowing the opposition to be involved in political decision-making. Let it be no more than 25 percent participation. Nonetheless, the opposition should feel responsibility for what happens in the country. Because, if the opposition is isolated and locked out, it will become drastically radicalized and spill out of parliament onto the streets. And that means that tomorrow you can expect new revolutions and rebellions, which have always become bloody in Russia.

[Zharinov] Yet it is the position taken by governmental structures that shapes such an attitude. Our newspaper's letters from readers contained many, many expressions of indignation over the unbridled anticommunist propaganda campaign waged through official news channels. Our ordinary voter isn't used to such an attitude.

[Rogozin] I will explain to you what underlay such a step.

[Zharinov] A tactical move?

[Rogozin] No, not just tactical. In actuality, it stems from powerlessness. When you don't have anything to say yourself, in order to get people to believe you, you start running down your opponent.

It is extremely regrettable that it happened that Zyuganov even got the votes of a sizeable number of voters to whom communist ideas are in fact profoundly alien. They voted only because they were opposed to Yeltsin, opposed to the regime, and opposed to what was happening to the country. Just as people voted for Yeltsin who were afraid of revenge, really afraid of those ration coupons, and afraid of the restoration of a regime under which any opinion could only be expressed in the kitchen. That is, people voted, in effect, against their candidate's opponent.

Most likely, the only candidate whom people really voted "for" was, after all, Lebed, who attempted in the final stage of his presidential campaign—up to 16 June—to conduct it in a way that would demonstrate that there was a "third" force.

[Zharinov] Incidentally, just recently the KRO and its presidential candidate Aleksandr Lebed were seemingly in opposition to Yeltsin. Devastating criticism was directed against the "antipopular regime," and a great deal was said about the mafia and corruption. Now, with Lebed's joining Yeltsin's team, has all that been consigned to oblivion?

[Rogozin] It is difficult for me at present to speak about power [vlast] in Russia. It seems to me that there is none, that what there is is a kind of struggle among groupings that are closest to the "emperor," each of which has its own interests and its own supposed "ideology," or to put it more simply—predatory interest. Therefore, to say that there is some sort of alliance with the authorities—that is not the case.

The problem is a different one—that every time in Russia in the past 100 years, except for February 1917, the new regime did not come from within the old regime, or did not emerge from it. And never, ever did it come from the streets. That is evidently the way our political nature is constructed.

And Lebed took that step realizing full well that such questions would be asked, and that a substantial number of his voters would turn away from him.

[Zharinov] Nonetheless, for some reason he made that decision.

[Rogozin] When I was thinking about that matter, it seemed to me that Aleksandr Ivanovich deemed it possible to take seriously, man-to-man, the president's word that if he, Lebed, consented to become secretary of the Security Council, he would be given real powers to start carrying out his program right now. The problem of any politician is that his program sometimes remains a mere declaration.

Take Zhirinovskiy. He was an interesting person. Unquestionably, that struck us. It was called different things: sensationalism or simply eccentricity. But in reality it was something unusual for us. Moreover, in all that unusual, comical and jesting element we were constantly divining our own hidden thoughts. We thought: "He's right, damn it!" And then it would suddenly turn out that he was just talking. Talking and bargaining. And for all practical purposes, he turned his own party and his own political work into an Odessa bazaar booth.

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The upshot was his loss of position in the Duma elections and the beginning of the destruction of the LDPR [Liberal Democratic Party of Russia].

Therefore, if a politician remains in the opposition for a long time he risks becoming a mere talker, a professional member of the opposition.

[Zharinov] And he candidly says that: right now it's advantageous for the LDPR to be in the opposition.

Incidentally, now can you finally say to whom Lebed's votes went in the second round, and in what numbers? After all, everyone shared them: leftists and rightists.

[Rogozin] It's hard to say. I think that, given the increase that Yeltsin got, one can suppose, of course, that at first those voters did not vote for Yeltsin, and then voted for Lebed in that alliance. I think that fairly disciplined people voted for Yeltsin, going against their own feelings and figuring that Lebed knew what he was doing.

[Zharinov] It is said that after coming from the Transdniester and landing in Moscow political life, Lebed put his stakes on a hopeless party, the Congress of Russian Communities. For them Lebed was a find, but for him they became a burden. During the election the party only held him back. Lebed's personal rating was almost double the Congress's rating.

[Rogozin] Well I think Aleksandr Ivanovich will now have a lot of hangers-on. As a rule, victory has many authors. And lately I have only been able to reply to questions by saying that I know of no person or organization that "made an effort for Lebed's victory."

Hence the old rule followed by such hangers-on is to isolate their idol from the people who were his real partners, who lifted him up, fought for him and suffered with him. That also previously happened to Yeltsin, when efforts were made to isolate him from the people who had helped him and sincerely attempted to see him as a national leader who was raising the flag of Russia. And we know what that led to. To Yeltsin's finding himself without any support and without any allies at all. Such nasty fighting is going on around him that it's unpleasant to even get near.

I'm afraid that history is repeating itself, and once again ill-willed statements of that sort will be made about the Congress.

As far as I know, Lebed has always winced when hearing that sort of thing. We have complete mutual understanding. And to speak of any sort of conflict—One can speak of something else. There was a conflict between Skokov and Lebed.

[Zharinov] What differences of principle are there among Skokov, Lebed and other KRO leaders?

Nothing but ambitions!

[Rogozin] Unfortunately, Yuriy Vladimirovich, whom I consider a fairly intelligent person, has evidently gotten lost in his own ambitions.

[Zharinov] Has he gotten hung up on his own referendum: to define the necessity of any given government by the level of increase in Russians' living standard?

[Rogozin] That referendum is a failed campaign in general; one cannot speak seriously about it.

The issue lies elsewhere: he really believed that he was the leader, and to such an extent that he could bring the entire movement to its knees. That he was the only ideologist. And so here he, seemingly not even knowing what was involved, that it was a national movement, joined that movement earlier, but could not get his bearings. And so he was unable to rise to the level of leader of that organization.

At the same time, he seemingly attempted to invite Lebed to join the team.

[Zharinov] While assigning him a role that was by no means the primary one?

[Rogozin] Absolutely. I believe that Yuriy Vladimirovich's ambitions and what is called his exaggerated self-importance got in the way. Hence the conflict.

To the credit of the Congress, it surmounted the crisis. It put forward the Honor and Homeland organization from its ranks, which in many respects enabled Lebed to rely on that legal entity when he was launching his presidential campaign, while the KRO was "ailing." At the end of May 1996 the Congress held its extraordinary Fourth Congress, confirming its readiness to back Lebed. Although even before that all its local organizations had been working for the general.

The KRO has found itself, in essence, an organization based on an idea. Here are two of its differences from other parties and movements:

First, no one created this organization other than the people themselves who belonged to the Russian communities. In essence, what happened was the self-organization of the Russian people. I dare say that this is the only such case in recent times. It is an organization that worked to augment and achieve success every time, at each stage of its development.

And second. It is an organization that is based on a profound idea—the unity of the Russian state and the

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defense of our compatriots and of national dignity. And that is higher than the division into rightists and leftists.

And therefore, there may be no Rogozin, Lebed or Skokov, but the KRO will still exist. Because that organization is based on a pendulum that rocks it and increases the weight of that structure.

[Zharinov] What are your impressions of the activity of the Novosibirsk KRO members?

[Rogozin] We discussed very important issues.

In general, Novosibirsk is a city that I feel close to. I worked here in 1983 in television on the main news editorial staff. Many friends and relatives remain here. I will not try to portray myself as a Novosibirsk native, but the city is by no means a foreign one for me. I know it and love it in my own way. The metro bridge and the Young Spectators' Theater were created before my eyes. I prepared reports on how Novosibirsk was growing. It's a modern city.

But last night I went for a walk with friends and encountered young boys begging outside the railroad station at 2:00 am. After that I had depressing thoughts: just what can we do? How can we react to such cases? Some proposals took shape.

We have already begun to do something. We have established close contacts with the Russian emigration in Australia, the United States and Europe. People who have preserved their love for their homeland, Russian language and Russian culture, despite the fact that they are second- or third-generation emigrants. Patriotic children's and youth organizations exist there that could arise very rapidly in Russia as well. After all, we used to have Young Pioneer organizations, and we recall Young Pioneer camps and interesting activities. Although a great deal was pro forma. But the task of work with young people remains today: it is the task of patriotic upbringing outside of school. We have now organized several camps in Tver Oblast. We are thinking of forming an organization of young Russian scouts in Siberia. They will have their own uniform, camps and instructors. And there will, without fail, be lessons in Russian history, culture and spirituality.

For the older generation we are establishing a Russian Knights organization—the analogue of the Komsomol, but not overly ideologized. Young people up to the age of 30 will follow a "Growing Leaders" program in order that we might identify new names in the world of business, culture, politics and journalism.

We must elevate the generation of young people who are to live in Russia.

The KRO has many tasks right now, and most of them, as you see, ar not directly related to elections. But that is good. If a political organization exists only to participate in elections, it's not worth anything. The reason it is a political organization is to be directed forward, toward the future, in order to lay the stones of future Russian statehood today.

Russia: Release of General Kulikov's Son Questioned

964F2832A Moscow MOSKOVSKAYA PRAVDA in Russian 29 Jun 96 pp 1, 7

[Article by Larisa Kislinskaya: "Operation 'Long-Reach'"]

[FBIS Translated Text] **By decision of Irina Makridina, people's judge of the Izmaylovo Intermunicipal Court, Mikhail Kulikov, Senior Lieutenant of Police, was released from the Matrosskaya Tishina CIZO [Special Detention Facility] on his own recognizance. This commonplace act is now given piquancy by the fact that the accused is the son of Col Gen of Police Aleksandr Kulikov, chief of the GUVD [State Internal Affairs Administration] of Moscow Oblast. The 24-year old assistant to the chief of staff of the OMON [special purpose militia detachments] of the UVD in transport was charged with the perpetration of a robbery assault, and in addition, he is a suspect in a whole series of similar crimes, as well as in the perpetration of thefts in particularly large amounts, and of exceeding his authority.**

This fact is interesting. The Izmaylovo Court, where Kulikov-the-younger's fate was decided, did not have the right to release him, according to law. This type of case is heard in courts according to the place of maintenance or custody. There are a number of other curious features. It appears that the Moscow RUOP [Regional Directorate for Fighting Organized Crime], which arrested Mikhail Kulikov on 22 December of last year in the Marika Cafe, has completely lost interest in this case. Anatoliy Kulikov, Russian minister of Internal Affairs, the initiator of the "Clean Hands" operation, is not showing any interest either. There is also something to work on in this case for the Internal Security Administration, recently created at the RF MVD, although the fate of the arrested man depends not only on the police, but on the investigator, and the judge, who are also people and also want to help themselves. What is more, they say, Aleksandr Kulikov, father of the accused, told a narrow group that for this case, in standing up for his son, he had to go to the very "top." At the same time the general significantly pointed his finger to the heavens — so that the listeners had to decide for

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themselves who was "up there." It is quite possible that the sluggish interest in the case of Kulikov-the-younger of the RUOP and the minister may be connected with this high patronage.

It is curious that, at one of the briefings, Kulikov-the-elder, in answering the journalists' questions about the fate of his son, said that, if the court proved him guilty, he would behave as a "director of a main administration, an officer and a general." He himself does not believe that Mikhail is guilty. Aleksandr Nikolayevich hinted that they had beaten his son severely at the RUOP, and in so doing "had wrung" the testimony out of him. The general noted that he was counting on the fairness of justice and was himself exerting no pressure on the investigation. The leaders of the RUOP of the GUVD for Moscow, pleading the secrecy of the investigation, refused to comment on this case. Meanwhile, with the aid of sources in the law enforcement agencies, including the office of the Russian Procurator-General, which is handling the investigation of Mikhail Kulikov's case, I managed to re-establish a few elements in the life of the senior police lieutenant which do not at all tally with the concept of the "Clean Hands" operation. Jumping ahead a bit, I will say: there really were traces of beatings on Kulikov-the-younger, but he got them in a brawl with special soldiers of the SOBR [Special Rapid Response Force], whom he actively resisted at the time of arrest. They do not like this. As for the wringing out of the compromise, this is a specific feature of our country — look for a policy for any criminal act.

Everything is in order now, though. As far back as when he was a Sergeant in OMON, Mikhail Kulikov had guarded the Zatsepa Cafe. There he became acquainted with a certain Ilya Lenchenko, well known among the agents as an active participant in the Taganka organized criminal group. The latter at once appreciated the kinship ties of the sergeant, and they became friends. Lenchenko allegedly also became a "policeman," working in the same unit with Kulikov-the-younger, and passed himself off as a colonel from the inspectorate on the staff of the Russian MVD.

Lenchenko got an idea. Since he had been employed for a while in the Analitik firm, he had a good knowledge of the financial potentials of its management. Ilya suggested that Misha become a "roof" for this firm. True, the Podolsk gangsters, who had their own types and their own interests, did not appreciate this. There was a falling-out, ending with the "Podolsk's" making a raid on the Kulikovs' dacha. Misha explained to his daddy that the falling-out had allegedly occurred over a girl, and then the general had to use his "authorized weapons." Lenchenko did not despair, and suggested stealing a safe with documents and money from Analitik. The "operation" brought in U.S.$ 150,000 and a bundle of important documents on land in the Moscow suburbs. The victims appealed to the ROOP [Regional Department for Organized Crime] of the Central District, where at first they took up the case actively, but their ardor subsided when it was revealed just whose (!) son was mixed up in this story. Having found out that the victims had turned to the police, Ilya and Misha demanded more money. As a result, they obtained another $5,000, seized a Mitsubishi and after that stole a Mercedes. Kulikov-the-younger sold this car to the director of the Zatsepa Cafe, who has now fled from the investigation to Kenya, for some reason. Later on, they stole a Mercedes-Cabriolet from the victims and are extorting a prestigious apartment in a "high-rise" at "Barrikadnaya," which is registered to Lenchenko. On 19 January 1996, criminal proceedings were instigated for the act of extortion from the Analitik AOZT [Closed-Type Joint-Stock Company].

Another victim of the energetic activity of the "team" was the general director of the Tekhnokom firm, whose office Kulikov-the-younger and company raided at the request of their friend, Igor Mikitasov, well-known showman and the owner of the "Twins" firm. It became known that the latter had outlined a joint project with the general director of Tekhnokom. For its successful implementation, U.S.$10 million was demanded for the showman. A partner from Tekhnokom, who made use of his influence and enjoyed the confidence of banking circles, is finding the money. Mikitasov will obtain $1,200,000 upon signature, and as security will transfer to his partner an expensive model of a Jeep and documents for his diesel-powered boat. In the process of seeking further money for Mikitasov it was revealed: the showman owes a great deal and too much. In particular, the Aeroflot Bank could in no way obtain credit worth $2.5 million from Mikitasov. Other details were also revealed. Having become famous in 1992 as the initiator of a great autumn ball in the Union Hall, the recent provincial became renowned for his personality in the cultural, banking and criminal circles of the capital. He took out numerous loans, which he mainly spent on himself and his friends, among whom Yuliya Kurochkin — Miss World-92 —occupied a special place. In general, these details of Mikitasov's personal and public life convinced his partner that the showman's participation in a joint project would hardly bring success. He demanded an explanation from Igor, and asked him to pay back his debt. At this time, a meeting of the shareholders removed Mikitasov from the number of founders of the project.

Events took place in May of last year. At that time, the conflict with Mikitasov ended with a raid being

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made on the office of the Tekhnokom firm by armed OMON people. Among them had been assigned three civilians, as it turned out later — Mikhail Kulikov, Ilya Lenchenko and Sergey Moiseyenkov, a staff member of the first police division, who has now also been arrested. Misha was responsible for general security, searched the office for listening and recording devices, and obviously did not want to leave any evidence. When the director of the firm asked them to show their documents, Kulikov-the-younger answered that he would show them later, in the jail where they naturally drag off a businessman if he does not fulfill the conditions of the raiders. They demanded that the businessman return the pledge to Mikitasov and also "asked" him to open the safe. Realizing that resistance was useless, the businessman opened the safe. They took from it a file of documents and $10,000, and at the same time, stole a Lincoln. At parting, they threatened the businessman with "shutting him down," and if he uttered a word, drugs and weapons would simply be provided in the office and he would go to jail. Later on two GAI [State Motor Vehicle Inspectorate] staff members went to the home of the general director and said that the documents for the Lincoln were falsified and the car itself was stolen. The absurdity of the accusation (the new Lincoln was bought in the United States and was of absolutely pristine origin) proved: powerful forces were carrying out the war on Mikitasov's side. The businessman made inquiries and at first they even told him that Misha was allegedly the son of the minister of Internal Affairs. The true position of the father of the young OMONite, however, also made an impression. Mikitasov said in a telephone conversation that the police team making the raid on the office was his state "roof," and demanded $10,000 or else they would sell the stolen Lincoln.

The businessman turned to the police, where they provided him with marked money. In the process of transferring the $10,000 to Mikitasov, the agents rushed in and seized the showman who had such a powerful roof: they were worthy of a whole detective story. There were secret tailing, telephone bugging and even data on the fact that his murder had already been paid for.

By this time, the Basmannaya Interregional Procurator's Office had already instigated criminal proceedings against the three raiders, who were listed as unknown — at that time the victim did not know their last names. When the "unknown" acquired names, the case was transferred to the Office of the Russian Procurator General. As the victimized businessman said, no investigative actions or confrontations had been conducted with him, but on the other hand, the director of the investigative group was suddenly replaced. I do not know if it could be called a coincidence that this director, according to available data, has no independent experience in this job.

Other episodes in the life of Kulikov-the-younger have also been made known. For example, in April of last year he concluded an agreement on protection of the Lada-Brok firm. In July, at the personal request of the management of this firm, without the authorization of the command staff, along with five armed and equipped OMONites, he went to St. Petersburg to "embroider" the documents from another firm for 29 Subarus (the nature of this conflict has no significance for our story). In St. Petersburg, threats were also heard, sabres were rattled, and in general, the scenario of the Moscow raid was repeated. The whole team, including Kulikov and Lenchenko, was arrested by the members of the local 12th Division of the Police, but was later released. The Office of the RF Procurator-General revoked the refusal to institute criminal proceedings and instituted them on three articles of the Criminal Code — robbery, taking the law into their own hands and exceeding authority and official powers. In the process of the interrogation of one of those arrested, it was revealed: as payment for this service, Kulikov-the-younger had received a Subaru, which incidentally was his fifth foreign-make vehicle. His respected father, Aleksandr Nikolayevich, who assured the journalists of his son's innocence, was apparently also sincerely convinced that these five vehicles were within the means of the senior police lieutenant.

In July of the same year, in the Moscow suburban settlement of Lyubimovka, the location of Lada-Brok's two bungalows, which, by agreement with the firm, were guarded by the special soldiers of the OMON UVD for transport, Misha, Lenchenko and five other OMONites, for absolutely no reason at all, arrested the senior authorized operative of the RUOP GUVD of Moscow Oblast. They handcuffed him and beat him unmercifully. Lenchenko interrogated him for two hours, and then they delivered the policeman to the RUOP and claimed that he was drunk. Expert examination showed that the RUOP man was sober, but had sustained numerous injuries. For this act, criminal proceedings were also instituted by the Office of the Russian Procurator-General, in accordance with articles 170 and 171 of the RF Criminal Code (crimes of officials).

On 23 November 1995, the same armed team attacked the director of a branch of the Stolichnyy Design Bureau — the Interkom AOZT — and its guard, and stole 110 million rubles [R]. For this act, the investigations department, Perovo, of the OVD MO [Internal Affairs Department of Moscow Oblast] instituted criminal proceedings. It was established that Misha and Ilya had

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taken part in the attack. Lenchenko's car was found at the site of the incident.

In the process of operational investigation events, the staff members of the law-enforcement agencies discovered the tracks of this company in other crimes committed earlier in Moscow. Here are a few of them. On 20 September 1995, on Dolgorukiy Street, unknown persons, dressed in police uniforms and armed with automatics, stopped a Mercedes, made its owners, the brothers Rafailov, get out, and after beating them up a bit, stole R5 million and U.S.$42,000 from them.

The attempt of a few Syrians to purchase U.S.$30,000 at an exchange center ended in failure. When they left the Kosmos Hotel, having ordered this sum in advance by telephone, their Mercedes was stopped by a foreign-made car, and several people in masks and camouflage suits got out of it. Threatening the Syrians with automatics, they transferred them to their own foreign-made vehicle, taped their mouths with adhesive tape and then took them away to a garage. They stole the money and beat up the Syrians so badly that one of them died from the beating.

On 12 January, on Solyanko Street, unknown persons, dressed in the same attire, stopped the payment-collection vehicle of the MDM Bank, which was carrying U.S.$150,000. They transferred all the passengers, including the guards, to another motor vehicle, took them to a garage and stole the money.

Detectives succeeded in exposing almost all the members of the group, in the complement of which Kulikov-the-younger was operating. Apart from Lenchenko and Moiseyenkov, it included three members of the Armenian special forces who had been convicted a little earlier. Their roles had been carefully assigned. For example, the brothers Batorin and Moiseyenkov, after making the robbery attack on intercity motor transport in Odintsovskiy Rayon, turned over the stolen goods for sale at the Zatsepa Trade Center.

During the arrest, they removed from Misha, from a hiding place in his car, compromising materials relating to very high-up Armenian leaders and the leaders of internal troops. For some reason, he had taken them with him. These materials were also associated with the criminal case of Kulikov-the-younger. His interests are being represented by Sergey Pogramkov, an expensive defense council — the personal attorney of Sergey Mikhaylov, nicknamed Mikhas, the well-known "Solntsevskiy" authority. He also defended other "Solntsevskiy" people, fulfilling their delicate commissions.

It is hard to say what the fate of this criminal case will be. It is for the court to decide. For the time being however, the court has decided to release Misha from jail because of the state of his health. In the process of operational-investigative events, it was revealed that the court had been presented with falsified documents about the state of health, in particular, photographs of someone else's eyeball. As has become known to everyone connected with this case, powerful pressure has been exerted. Telephone calls "from above" have been ringing in the office of the procurator and in the court.

Apparently, not all the staff members of the law-enforcement agencies have to have clean hands, only those who do not have influential daddies and powerful patrons. No operation "long-reach" is so far planned, however.

Regional Affairs

Russia: Regional Duma Laws Seen as 'Unconstitutional'

964F2968A Moscow NEZAVISIMAYA GAZETA in Russian 19 Jul 96 p 2

[Article by Nikolay Pavlovich Medvedev, deputy of the State Duma and director of the Regional Policy Institute, under "Carte Blanche" rubric: "Illegal Laws: the State Duma and the Federation Council Have Been Issuing Them Since December 1995 and the President Has Been Signing Them"]

[FBIS Translated Text] In September 1993, the president issued not only his famous Edict No 1400 on the carrying out of constitutional reform in the country. Edicts were issued under other numbers that had to do with the procedure and time period for the formation of new legislative assemblies in the subjects of the Federation. The edicts specified shortened (by two years) terms of office not only of the deputies of the State Duma and Federation Council but also of their junior colleagues in the regions. The terms of office of deputies of all levels ended by the end of 1995. But whereas the members of the Duma were reelected in accordance with federal law in December 1995, the local deputies in many subjects of the Federation openly violated the constitution and began to issue laws (in some cases, these were directives of heads of administrations) on the extension of their powers for another two years.

All of these decisions are illegal, for they contradict the bases of the constitutional order of Russia. In particular, they contradict the norms of Article 3 of the constitution, which states that "the only source of authority in the Russian Federation is...the people." And the people implement their authority through the bodies of state authority. "The referendum and free elections are the

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highest direct expression of the authority of the people. No one can assume authority in the Russian Federation. The seizing of power or the assumption of powers of authority is prosecuted under federal law."

The result is that criminal charges ought to be filed against all deputies with extended powers for their assumption of powers of authority. For it turns out that the power of officials is actually greater than that of the people.

The situation with respect to the regional deputies can still be corrected, however. I hope that the State Duma will soon pass a law on the election of deputies of the legislative bodies of the subjects of the Federation. There is reason to think that these elections will be held by the end of 1996. The situation is more complex with respect to our senators. Many of them also hold their seats in the building on Bolshaya Dmitrovka on a very doubtful basis. The overwhelming majority of them were not elected deputies of legislative authority in their subjects of the Federation for a new period upon expiration of the term of their powers, as the constitution specifies. The problem is that many senators found themselves in the parliament of Russia on account of the automatic (illegal, as it was determined) extension of their powers. And many heads of oblast administrations also were not elected by all the people, that is, they did not receive the mandate of senator and are acting illegally on behalf of the people in the Federation Council.

The entire legal grief involves the fact that the parliament in our country is bicameral—the laws are passed by both chambers and, in voting for some law or another, the members of the Federation Council automatically make that law invalid. In this sense, the Bolsheviks in 1917 had even more justification to issue decrees, to consider them legal, and to demand their unfailing execution—they at least provisionally publicly deposed the government and repealed the laws of the old time. The present senators want to live in peace with the government, to issue good laws, and not to be considered Bolsheviks. But they do not want to be elected.

What comes next? It seems to me that now after the election, when there has been a political stabilization of Russia (this is obvious), the president of Russia (along with legislators) ought to pursue the precise performance of his chief obligation—that of guarantor of the constitution—and legitimize all of the bodies of state authority of the subjects of the Federation and thereby guarantee the constitutionality of all of the legal acts of the Russian Federation. Otherwise the entire legal space will become split, as it were, which is fraught with negative consequences. If someone wants to destabilize the political situation, there is always the possibility of saying: "All of these laws are not worth a plugged nickel, they were passed by imposter deputies," etc., etc. After all, it is not at all difficult to collect 90 signatures of deputies in the State Duma and send an inquiry to the Constitutional Court with respect to the legality of all the laws passed by parliament since December 1995. By the way, this also affects the laws of the subjects of the Federation. To preclude this possibility and not to allow the further development of illegal actions of parliament, the president must repeal his edicts that were the basis for the extension of the powers of the regional bodies of authority. By the end of the year there must be elections not only of deputies of the legislative assemblies but also of heads of executive authority in the subjects of the Federation (for by their office they are all members of the upper chamber of parliament).

Only such an outcome may legitimize the membership of all regional leaders in the Federation Council.

But for the time being, everything that the Duma passes, the Federation Council affirms, and the president signs is dubious with respect to its juridical purity, to put it mildly. But we put ourselves in this legal dead end when we decided that we could play cat and mouse with the constitution. The wrong subject of playful activity was chosen, to express it bureaucratically. Joking with it will turn out badly without fail.

And still another doubt arises, that of whether or not the powers of the Constitutional Court of Russia have been properly defined. Should we have established a special court that in this and similar cases cannot intervene on its own initiative and correct matters? It seems to me that the resolution of these problems must be the holy duty of the Constitutional Court but again this requires that the law be changed.

That is how it is....

Russia: Ossetia President on Relations With Russia

964F2953A Moscow NEZAVISIMAYA GAZETA in Russian 18 Jul 96 p 3

[Interview with A. Kh. Galazov, by Petr Pliyev, under rubric "First-Hand": "The Caucasus and Russia Are Inconceivable Without One Another: The President of North Ossetia Is Well Aware of the Forces That Would Like To See an Aggravation of the Situation in the Region"]

[FBIS Translated Text] [Pliyev] Akhsarbek Khadzhimurzayevich, during the presidential election the population of North Ossetia voted twice for the candidate from the KPRF [RF Communist Party],

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Gennadiy Zyuganov. How do you explain this strong attachment that people have toward the communist ideals?

[Galazov] After the first round we made the necessary adjustments in the course of the election campaign, intensified the effect on the heads of the rayon administrations, and explained to people what the changes in the existing state of affairs would mean for the Republic. I reminded some of the voters, appealing chiefly to persons who had left South Ossetia and the internal rayons of Georgia, that it had been possible to stop the bloody war and genocide with respect to the Ossetians largely thanks to Boris Yeltsin's dynamic intervention. In addition, the republic had developed a number of programs that had been approved by the federal authorities. The "Osetiya" region of intensive economic development had been created. The implementation of those measures means that people have begun to live better. I think that they will sense the first positive shifts by next year.

In addition, the necessary steps were taken to guarantee security at the polls. The terroristic act in Nalchik that resulted in the death of several persons was undertaken with the purpose of driving a wedge between the peoples of North Ossetia and Kabardino-Balakaria. So we are well aware of what forces need a situation in which we look at each other with the eyes of an enemy.

Another task is to guarantee that the voters show up at the polls. Approximately half of the total number of voters were retirees and persons of elderly age, that is, those who are generally considered to be persons with conservative views. By casting their votes for Gennadiy Zyuganov, they naturally expressed their protest against the difficult situation and the lack of organization in the material sphere. But we also managed to convince a considerable segment of the older generation, including Communists, of the need to preserve the course of the reforms. But, obviously, we put our basic stake on young people — upon that segment that supports the course of the reforms — and we did not guess wrong. Whereas in the first round only slightly more than 19 percent voted for Boris Yeltsin, in the second round the number of Yeltsin supporters more than doubled and came to 43 percent. I think that people realized in the final analysis what Boris Yeltsin had done for North and South Ossetia. During practically that entire period there were no questions that I went to the president with, that he had not resolved. Boris Yeltsin had repeatedly acted as the guarantor during the negotiations on the question of South Ossetia.

I am convinced that after the signing of the Ossetian-Georgian memorandum there will be an acceleration of the process of the quadrilateral negotiations, and I put my basic hopes of success in resolving the political status of South Ossetia upon Boris Nikolayevich, who has acted and, I hope, will continue to act, as the basic guarantor of the resolution of this acute Caucasian problem. I feel that the president of Russia has taken a very attentive attitude toward my recommendations concerning the unification of the efforts of the heads of the three Caucasian states — Azerbaijan, Armenia, Georgia, the republics and krays of the Caucasus — with Russia; to the resolution of the main questions — including the problems of refugees and forced resettlers, the ending of wars and the disarming of illegal armed formations; and the most important one — the resolution of integrational questions, with which the hopes of restoring the broken economic ties and ruined national economy are linked.

After the signing of the memorandum on the quadrilateral agreement in Moscow, we met with the Georgian leadership and, in particular, there arose the idea of creating a free economic zone along the border, which would link South Ossetia with Alagirskiy Rayon of RSOA [Republic of North Ossetia-Alania], and Vladikavkaz with Kazbekskiy Rayon of Georgia. That would help to resolve many questions linked with the customs burden and with taxes. Simultaneously it would accelerate the restoration of the national economy not only in South Ossetia, but also in the border rayons of Georgia.

[Pliyev] What steps will be undertaken in that direction?

[Galazov] In the first stage it is necessary to improve and restore all types of transportation communications: motor, rail, and air. Incidentally, it is possible by this method to supplement the budget both of North Ossetia and of Georgia.

[Pliyev] The Russian government has approved a program for the development of the Republic of North Ossetia-Alania until the year 2000. At the same time it is known that many plants and enterprises used to operate for the defense industry. Currently they are mostly standing idle, and the workers and the people in the engineer-management apparatus are on forced furloughs. Will the program for the republic's development take into consideration the restoration of those enterprises and the restructuring of their production in order to produce other output that is necessary?

[Galazov] Yes, it will. The fact of the matter is that the program for the republic's socioeconomic development consists of 15 subprograms. And one of them is specifically the restructuring of the enterprises in the electronic industry, which used to constitute the majority in North Ossetia. I think that all the questions

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with regard to the republic's development will be resolved. That will help to restore production. Success is inevitable. This program, incidentally, was prepared with the involvement of local economic scientists and their Russian colleagues, as well as foreign experts. Boris Yeltsin has become the president of Russia again. I think that, as a result, we have opportunities for implementing our programs, because they were prepared in execution of an edict of the president of the Russian Federation. And that, in its turn, provides the opportunity to bring our economy and the entire social sphere to a qualitatively new level.

Currently only 19 percent of our energy resources are our own. But with the passage of time we shall completely provide for our needs both of electrical energy and of fuel and lubricants. We also have a program for restoring the historic part of the city of Vladikavkaz. And that, in particular, touches upon the questions of the ecological purity of the environment.

[Pliyev] Akhsarbek Khadzhimurzayevich, you have repeatedly come forth with various peace initiatives. One of them, I think, is "The Caucasus is our common home"...

[Galazov] First of all, I never came forth with such an initiative. I would say, rather, that I adhere to the point of view of our national poet Kost Khetagurov, the classic author of Ossetian literature, who wrote, "The entire world is my temple. My love is a sacred thing. The universe is my homeland..." But I did come forth with another initiative. The unification of the efforts of all the heads of the Caucasian countries and republics, all the healthy forces of the Caucasus and Russia for resolving the problems that are so acute here. The area that suffered most from the collapse of the USSR was the Caucasus. Today's problem of Chechnya cannot be viewed apart from the other painful problems: from Nagornyy Karabakh, South Ossetia, Abkhazia, the Ossetian-Ingush conflict...

In order to get out of the Caucasian crisis it is necessary to unite the efforts of the heads of all the Caucasian republics and Russia. The successful resolution of the problem requires, first of all, the disarming of all the illegal armed formations, and the ending of the war. The second problem is the returning of the refugees and the forced resettlers to the places where they used to live. The third problem is the restoration of the artificially disrupted economic and cultural ties that took centuries to develop in the Caucasus.

I view the Caucasus as a single political, economic, and cultural space. I feel that those problems that are so acute in the Caucasus cannot be resolved without Russia's help. Therefore it is necessary today to work on restoring those ties that we had, have, and will have in the Caucasus with Russia. Take, for example, Russia's cultural ties with the Caucasus. It is impossible to view all these questions apart from one another. When the well-known events occurred in Abkhazia, that was immediately repeated in Krasnodar Kray, Adygea, Karachayevo-Cherkessia, Kabardino-Balkaria... The tragedy in South Ossetia had an immediate effect on the situation in North Ossetia and Russia.

The problems of the divided nations is not only a sore spot for North and South Ossetia. The idea "The Caucasus is our common home" contains within itself a negative charge that is aimed against Russia. But my initiatives do not have anything in common with that. I must state that I am a categorical opponent of that idea. The Caucasus and Russia should not fight one another, but should cooperate. Our common home is the Caucasus and Russia.

[Pliyev] What are your attitudes toward your closest neighbors?

[Galazov] We concluded the first treaty of delimitation of powers with the federal agencies of authority. Boris Yeltsin and Viktor Chernomyrdin signed the treaty from the Russian side. Then six agreements were signed with various RF ministries and departments. After that we signed treaties of friendship and cooperation with Kabardino-Balkaria, Stavropol Kray, Krasnodar Kray, Dagestan, Karachayevo-Cherkessia, Adygea, Chechnya, and Rostov Oblast. A treaty with Ingushetia has been initialed. Unfortunately, the signing of the treaty has been delayed, for no reason of ours. A good mutually advantageous treaty has been signed with Moscow. In Vladikavkaz we signed a treaty with Yuriy Luzhkov, and we signed agreements in Moscow. Next in line is the preparation of a treaty between North Ossetia and Georgia. If we succeed in implementing our plans, that will be a real step in implementing the idea of unifying the efforts of the heads of the Caucasian republics in overcoming those difficulties that we are experiencing at the present time — it is necessary by joint efforts to establish peace and consent in the Caucasus. Otherwise it is impossible to revive the economy, the culture, or the normal ties among our peoples.

[Pliyev] Akhsarbek Khadzhimurzayevich, many people remember you well from when you occupied the position of first secretary of the party's oblast committee and therefore they ask the question, "When were you sincere, then or now?"

[Galazov] I was sincere then, and I am sincere now. I fought to the last for the preservation of the USSR. In confirmation of that I can refer to my statements

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and articles. I foresaw what the collapse of the state would lead to, and what the USSR would be. But, unfortunately, no one listened to me. I continue to be honest today, when I say that there is no return to the old way. One of the main merits of current president Yeltsin consists in that he succeeded in preserving Russia. Let us take Georgia as an example again. During that difficult time, instead of uniting the nations, war was declared on Abkhazia, Adzharia, and South Ossetia... But what does Yeltsin do? Despite many things, he signs the federative treaty and gives Tataria as much sovereignty as it can take. Therein lies Yeltsin's wisdom. He was able to overcome those reefs against which the Russian state system could have been wrecked. During all that time the building of that state system continued. Currently that process is coming to an end. I think that the real fruits of the reforms will be felt by the citizens of Russia within the near future.

[Biographical sketch] Akhsarbek Khadzhimurzayevich Galazov is president of the Republic of North Ossetia-Alania. Deputy to the RF Federation Council. 66 years of age. Candidate of pedagogical sciences. Worked a sa teacher, minister of education of SO [South Ossetia] ASSR, and rector of North Ossetia State University. In 1991 was appointed to the position of first secretary of the party's oblast committee. In December 1993 was elected president of Northern Ossetia.

Russia: Oblast Justice Department Official Killed

964F2876A Moscow SEGODNYA in Russian 26 Jun 96 p 1

[Article by Denis Bratskiy: "The Chief of the Justice Department of the Moscow Oblast Administration Is Killed"]

[FBIS Translated Text] Yesterday at 0830 hours in the Moscow Oblast town of Podolsk 49-year-old Galina Borodina, acting chief of the Justice Department of the Moscow Oblast Administration, was killed. From the words of militsia associates who came to the scene of the incident SEGODNYA reporters were able to establish the following. At 0830 hours Borodina's driver came for her. After waiting 15-20 minutes he went up to the seventh floor, intending to hurry his boss along, and found her lying in the stairwell in a pool of blood. The driver immediately called the militsia to the scene of the incident. The operational-investigative team that arrived found a spent 7.65-mm caliber cartridge from a foreign-made gun in the vicinity. The killer fired once from short range; the bullet went straight into the base of the skull and death was practically instantaneous. No one heard the shot; most likely the pistol had a silencer. Colleagues of Galina Borodina told our SEGODNYA reporter that she became deputy chief of the Justice Department in 1991, and that before that appointment she had worked in the Podolsk city court and showed herself to be a competent specialist and a very upstanding person. She left two sons.

Russia: More on 'Bellona' Case, Nikitin's Guilt

964F2870A Moscow SEGODNYA in Russian 26 Jun 96 p 6

[Article by Andrey Vermishev, under the rubric "Scandal": "The 'Bellona' Case Continues—the St. Petersburg UFSB Is Afraid To Release Aleksandr Nikitin on Recognizance Not To Leave"]

[FBIS Translated Text] Capt 1st Rank (Ret) Aleksandr Nikitin, who is accused of the crimes envisioned by Article 64 of the RF Criminal Code (treason against the Homeland in the form of espionage) cannot be freed from imprisonment and "for objective reasons" his detention status will not be modified. This is the point of view of the investigative group of the St. Petersburg UFSB [Administration of the Federal Security Bureau] which is handling the "Aleksandr Nikitin case."

Let us recall that Aleksandr Nikitin, an expert of the Norwegian independent ecology organization Bellona, was arrested by associates of the UFSB on 6 February 1996 and put in a UFSB investigative prison. In the words of representatives of the investigative group who, it is true, wished to remain unnamed "in the interests of the investigation," the arrest took place literally a few hours before Mr. Nikitin was planning to cross the border of the Russian Federation. In any case, the official source alleges, by the time that handcuffs were slapped on Mr. Nikitin's wrists he had managed to give up the apartment where he lived with his family. The UFSB alleges that the investigation has incontrovertible information that Aleksandr Nikitin intended to leave Russia. And among other things, counter-intelligence agents state that it was precisely this circumstance (in addition to that which in jurisprudence is called the "gravity of the deed") that was decisive in answering the question of whether to modify Mr. Nikitin's detention status as the defense demanded or continue to hold the suspect in the UFSB prison. "The investigation has no grounds to trust Aleksandr Nikitin; furthermore, we cannot give an absolute guarantee that, if released into freedom, Mr. Nikitin will not attempt to leave Russia, as has already been done by one of the witnesses in this criminal case who has now resettled in Norway," said an associate of the UFSB investigative brigade.

That same associate said that the repeated declarations of Yuriy Shmidt, Mr. Nikitin's defense lawyer, that the

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"organs" were deliberately dragging out the investigation in the case of the Bellona expert, "made no sense." "After Aleksandr Nikitin was arrested, he was offered the chance to use the services of a lawyer who, unlike Yuriy Shmidt, agreed to get a special permit for work with the secret documents contained in the file. But Mr. Nikitin refused this lawyer's services. Therefore, the investigation was suspended until the final finding of the Constitutional Court. And we did not undertake any direct investigative actions with respect to Aleksandr Nikitin during all this time, expect for interrogation of witnesses and assignment of the appropriate expert examinations," representatives of the investigative group stated. But counter-intelligence organs do not deny that the defense, in deciding the issue of whether the UFSB demands concerning the notorious "special permit" are lawful or not, was acting "exclusively within the framework of legal space."

Representatives of the investigation also said that the defense's allegations that the UFSB is not allowing a second lawyer to meet with Aleksandr Nikitin "do not correspond to reality." "The lawyer was presented to Mr. Nikitin on 31 May. And on the same day the suspect agreed to his participation in the case. Our service has not and will not make any attempts to limit the activities of this lawyer."

According to the official point of view, "The criminal file opened on 5 October of last year was not against Bellona (Russian law does not contemplate any prosecution of legal persons) or against Aleksandr Nikitin, but concerned only the 'fact of the divulging of state secret information.'" "In turn, the decision to arrest Aleksandr Nikitin and charge him with the gravest crime—treason against the Homeland—was made after careful study and analysis of the materials of this criminal file and only after establishing the fact that the expert of the Norwegian ecology organization was directly involved with it," a representative of the investigation said in conversation with our SEGODNYA reporter. "But if people from Bellona are inclined to consider the search of the ecology organization's headquarters in Murmansk and the subsequent interrogation of its associates to be 'persecuting them,' what can we say, that is their right," a counterintelligence officer summarized. "The fact that the results of a careful study of the Bellona archives confirmed that they contained secret materials is a different matter."

Mr. Shmidt's statement that counterintelligence organs were supposedly exerting pressure on the court drew a very stormy response from representatives of the UFSB investigative group. (This refers to the fate of Mr. Shmidt's demand to modify the arrestee's detention status, which he sent to the Dzerzhinskiy Court of Tsentralnyy Rayon in St. Petersburg and which later wandered over to the military court.) "The decision to transfer the complaint to review by the military was made by the people's judge independently. The FSB [RF Federal Security Bureau] did not and could not make any demands of the judge," "competent organs" assert.

The associates of the investigative group who took part in the conversation with our SEGODNYA reporter made it understood that the actions taken by the Bellona expert during work on his report entitled, "The Northern Fleet Is a Potential Risk of Radioactive Contamination of the Region," went far outside the framework of "using materials published in the world press." According to them, Aleksandr Nikitin actively "used his own personal service connections among naval officers to obtain confidential information." UFSB associates allege that "the investigation knows exactly who worked directly with Mr. Nikitin and supplied secret information to him. We are not prepared to name him at this time. We can only say that he is an active-duty naval officer who has already been charged with divulging state secrets (Article 75 of the RF Criminal Code). At the present time the 'source' is free. But he has given a recognizance not to leave. Incidentally, this man fully admitted his guilt, and the investigation has documented this."

On the other hand, for now the investigation has not received any documentary confirmation that Aleksandr Nikitin was a permanent associate of Bellona (which the head of the headquarters of the Norwegian ecology organization especially insists on). All that is known is that at one time Aleksandr Nikitin concluded a three-month contract with Bellona under which, representatives of the investigation assert, Mr. Nikitin received wages in foreign currency and a foreign currency account was opened in his name in one of the foreign banks.

Associates of the investigative brigade also cast light on certain details of the "Nikitin case." In particular, they alleged that the content of the electronic version of the report about the Northern Fleet which was disseminated on the Internet differs somewhat from that which is contained in the "Nikitin file." For example, it does not contain the section of materials which, from the standpoint of the investigation, were taken "not only from public sources."

It is curious that, as they allege in the White House, this version was launched on the international computer network after the defense became familiar with the materials in the criminal file. But associates of the UFSB

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refused to make any comment on this, stating that they would not "draw any conclusions from this fact at the present time." On the other hand, representatives of the investigation stressed that the final charge against Aleksandr Nikitin will be lodged only after a second expert examination (with participation by representatives of the Ministry of Defense, the Ministry of Atomic Energy, and other "interested" departments) confirms or rejects the initial conclusions of the RF Ministry of Defense experts concerning the level of secrecy of the materials used by Aleksandr Nikitin while he was working as an expert for Bellona. "The job of the investigation is not to 'hang' a serious charge on Mr. Nikitin at any price, but to establish the truth," a representative of the UFSB investigative organs told our SEGODNYA reporter categorically. In his opinion, the organization of such a large and competent expert examination will demand some time, but facts that it "clearly establishes" should not arouse "any doubt" in the minds of Russian society. Moreover, a competent source observed, "the defense and the investigation do not have any differences on this point."

Another representative of the UFSB rejected rumors that the "conditions of Aleksandr Nikitin's detention in the UFSB investigation prison are unbearable and threaten his health." "The investigative prison of the St. Petersburg UFSB is probably the best in Russia. Aleksandr Nikitin is being held in a 2-person, 10-meter room which has a television and radio and current newspapers are brought in each morning. Like all other inhabitants of the prison he is allowed to receive a up to 30 kilograms of food packages from home each month. Money transfers are permitted without restriction. At the present time Nikitin has 1,085,650 rubles in his prison 'personal' account, and so the arrestee can enjoy the services of the prison store without restriction," UFSB press secretary Yevgeniy Lukin told our SEGODNYA reporter. In his opinion, "Both the representatives of the defense and Aleksandr Nikitin's relatives know this."

The investigators stressed that they were very surprised by the numerous petitions by persons outside the investigation asking for modification of the detention status of Aleksandr Nikitin against the personal accountability of the petitioners. Among them were State Duma deputies Sergey Popov and Yuriy Nesterov, representatives of the Legislative Assembly of St. Petersburg Leonid Romankov and Aleksandr Shelkanov, and others. But associates of the counter-intelligence consider even more surprising the "assurances of the petitioners that they have been informed in detail of the essence of the criminal file which, however, has not been completed yet."

Russia: Smolensk Oblast Narcotics Use on Rise

964F2803A Smolensk SMOLENSKIYE NOVOSTI in Russian 5 Jun 96 p 3

[Article by V. Nazarov, press service of the UVD: "Narcotics Are Not Just a Militsia Problem"]

[FBIS Translated Text] It has happened that for some time the Smolensk region has been called the western outpost of Russia. Therefore, the transport flow passing through the oblast has grown. But along with essential goods, others that we call "contraband" have also begun to be imported—weapons, gold, antiques, and narcotics. The last-named have become one of the timely problems of our day. The consumption of illegal drugs automatically generates a series of criminal actions by the drug addicts. On the average drug addicts commit about 200 major crimes a year—apartment burglaries, robberies, and motor vehicle thefts. Last year, for example, militsia members arrested a group of young people who had made a number of criminal raids on pharmacies in the city of Smolensk.

Militsia Major Sergey Marin, chief of the UVD [Internal Affairs Administration] subdepartment for the fight against illegal drug traffic, commented on the growth in these crimes:

"In six years, beginning in 1989, the number of drug users registered at internal affairs organs increased four times. In the first 4 months of this year these people committed 27 crimes against the person and 354 property crimes. With the formation of our subdepartment we began to register many more persons who used drugs than before. On the average about 100 persons are enrolled in the drug clinic through the work of the militsia."

At the present time most of the narcotic substances known in the oblast are of plant origin. The so-called synthetic drugs have become established, for now, in the large cities such as Moscow and St. Petersburg. Smolensk is obviously not attracted to them for financial reasons. But the poppy and its production are the principal food of Smolensk drug addicts. According to S. Marin's reports, in the first four months of this year 27 kilograms of poppy straw and about 200 grams of marijuana were confiscated from drug addicts. The lion's share of the drugs were brought from the neighboring states of Belarus and Ukraine.

Responsibility for crimes linked to narcotics may be administrative or criminal; everything depends on the amount of substance confiscated, which is established in a special finding by medical personnel. But if narcotics are taken from a person a second time, responsibility is automatically criminal. Specialists from the NON

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[illegal narcotics traffic] department do not advise people to plant narcotic plants in their gardens either, or to sell and distribute drugs in the hope of easy income, because the punishment and payment for such activity is well-known—ruined health.

Two years ago the oblast adopted a program to fight the distribution of narcotics, but the financial side did not permit the document to be implemented in practice.

Russia: Smolensk Chief on Political Credo, Oblast Finances

964F2803B Smolensk SMOLENSKIYE NOVOSTI in Russian 4 Jun 96 pp 1-2

[Article by Anna Lapikova: "A. Glushenkov Gave a Press Conference and Indicated His Position"]

[FBIS Translated Text] Smolensk journalists were called to a press conference last Thursday. A. Ye. Glushenkov, head of the oblast administration, decided to meet with representatives of the mass information media, even sacrificing attendance at a session of the oblast Duma. Some disappointment awaited the journalists, who in recent times have become accustomed to "live" interaction with leaders of all ranks. A. Ye. Glushenkov preceded his talk with an explanation that he would answer questions he had received earlier, during April and May, and expressed a hope that these same questions would find a place in the "workups" of the press representatives. Complaining of the rare meetings and the negative assessment given to the work of the oblast administration in certain mass information media, the chief nonetheless expressed a hope for mutual understanding.

A. Ye. Glushenkov began his "answers to questions" with the wages situation. On the day of the press conference, 30 May, the debt to employees of the budget sphere was 19.5 billion rubles [R]. Specifically, the federal budget was R8.4 billion behind, the oblast budget R2.2 billion, and the local budget R8.9 billion. And overall for the oblast the total debt to employees of all sectors for wages is R120 billion. Enterprises of the military-industrial complex are the most indebted to their people.

The administration intends to carry out the president's edict on timely payment of wages. But there are major complications. For example, the fact that in the Smolensk region the wages situation is poor but wages are still paid is mainly to the credit of the federal budget, which "nourishes" the oblast. But then our industry owes R580 billion to all the budgets. The main debtor is the Smolensk AES [Atomic Power Plant] at R202 billion. Speaking of paying pensions, A. Ye. Glushenkov noted that the federal Pension Fund is not aggrieving the Smolensk region; pensions for May have been paid in full in the cities, while in the rural areas they are paying for 14 May. This is despite the fact that our enterprises are R60 billion in debt to the Pension Fund. And here again the Smolensk AES and enterprises of the military-industrial complex are the "leaders." If it were not for this it would already be possible to pay the pension for June.

Referring to the decision adopted recently in the government and the president's administration to support the regions of the RF by issuing loans, A. Ye. Glushenkov informed the audience that the oblast has received a loan of R27.5 billion (they requested R60 billion). The administration intends to use this money for paying teachers for leave time and for partial financing of healthy recreation for children. If the entire sum sought is received the chief promised to organize recreation for the children on last year's level when, in his words, the children had "better vacations than in the other regions of the country."

From debts Anatoliy Yegorovich switched smoothly to wages themselves. Some curious numbers were heard in this part of his speech. For example, the average wage in the first quarter was R466,000 in the oblast, including R553,000 in industry, R1,170,000 in power engineering, R1,329,000 at the Smolensk AES, R542,000 in fuel industry, R626,000 in petrochemistry, R408,000 in machine building, R434,000 in forest industry, R336,000 in light industry, R513,000 in food industry, R905,000 in flour-groats industry, R452,000 in printing industry, R215,000 in agriculture, R373,000 in culture, sports, and social support, R387,000 in education, R430,000 in science, R903,000 in credit and insurance, R1,120,000 in banks, and R592,000 in the apparatus of governmental organs.

While receiving those kinds of wages on time or with delays, we managed in the first quarter to work in such a way that more than half of the enterprises (51 percent) lost money. Yes, mutual debts do not let our enterprises develop. But the economic subjects are not without talent either. They have several current accounts, for example. They keep their debts in one, and their profits in another. But there are also enterprises that operate in a normal way, such as Analitpribor, Iskra, and Izmeritel. The same cannot be said of Diffuzion, the aviation plant, the shoe factory, the Aysberg and Pirimida plants, and others. All the nonworking enterprises share one factor: they have no clear program for emerging from the crisis.

A. Ye. Glushenkov spoke harshly of the enterprises that supply the oblast with electricity, calling their actions "blackmail." But for the sake of objectivity he noted that the oblast owes the energy workers

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R460 billion. And there are grounds to disconnect the debtors. He emphasized here that disconnecting budget organizations is savagery. That is the only way to appraise the actions of the energy workers in relation to firefighters, rayon administrations, and others.

The chief also indicated his own position, which he intends to defend in the government: no disconnections of commodity producers from sources of energy. Otherwise the debts of enterprises which are not working anyway will only grow, and will not be repaid.

Another issue touched on at the conference was accepting social, cultural, and domestic facilities into municipal ownership. The chief was categorical on this: until the federal budget provides the means to maintain what is today departmental housing and the like, there can be no question of accepting it. And the forecasts at present are not comforting. In 1994 the Ministry of Finance was supposed to allocate R43 billion to the oblast for this expenditure sub-heading, and they received R37 billion. In 1995 it was supposed to pay R158 and the oblast did not receive a single ruble. In 1996 it has been the same story. Meanwhile it would require R2.3 trillion to accept all the social, cultural, and domestic facilities into municipal ownership (without utility lines), and the entire oblast budget is just R2.6 trillion. And here too the chief clarified his position again: "It is not because I don't want to, but because I cannot for lack of financing."

A. Ye. Glushenkov also went over the agroindustrial complex. It followed from his answer that we are not going to starve, but it will be necessary to import wheat from the southern oblasts. While remaining true to his point of view concerning financial support of the countryside through a special tax on oblast enterprises, Anatoliy Yegorovich nonetheless was not so inflexible with regard to the amount (it is now 1.5 percent of output sold). But he did not raise any question about the existence of this "'prodrazverstka' [1930s-style requisition] in one form or another."

Rebuking the malicious critics who accuse the administration of having a bloated apparatus, A. Ye. Glushenkov launched a comparison: the oblispolkom had up to 895 civil servants plus 127 employees at the obkom, while the 19 structural subdivisions of the oblast administration today have 680 employees.

A. Glushenkov called appeals to solve the oblast's financial problems by reducing the size of the administration utopian.

The chief dwelt in great detail on the metamorphosis of his own political views. Admitting that he came to power under the red banner, he explained that his three years in his present post have changed him greatly. No, he remains loyal to the good things that distinguished communists in former times. He has not changed his opinion on planned management of the economy, the priority of science in industrial production, and so on. But he is against planning and distributing every little item and against depriving people of the right to own plots of land and the opportunity to engage in what they want. And here, he believes, the merits of each working person should be assessed by the degree of their professionalism. And if someone likes to sing, then let them sing; but they should not expect the state to support them.

Speaking of his own political credo, A. Glushenkov observed that he is very cautious toward all parties and movements and thinks that none of them is capable of bringing the country out of crisis. A reasonable alliance is needed. The chief gave some credit to communists, but exclusively older ones such as D. Filatov, I. Klimenko, and all who fought in the Smolensk region. As for communists of the new generation, in the words of Anatoliy Yegorovich, "Excuse me, please." To march, shout, and protest is one thing, and to organize work is something else. Although the oblast chief did acknowledge the real power of the KPRF [Communist Party of the RF] and called Zyuganov an intelligent man, he personally does not feel any sympathy for his former brothers in the party. Perhaps it is because, in his words, they threatened to leave the chief of the administration out on a limb. And again, defining his position to the journalists, A. Glushenkov summarized: "I would not change presidents."

Russia: Mukha Attends Federation Council Session

964F3119A Novosibirsk SOVETSKAYA SIBIR in Russian 24 Jul 96 p 1

[Article by A. Zharinov: "The Existence of a Not Very Good Law Is Better Than Its Absence: That was how the results of the recent session of the Federation Council were summarized by oblast administration head V. P. Mukha when he recently returned from Moscow"

[FBIS Translated Text] In the governor's opinion, the most recent session — the ninth session — of the SF [Federation Council] was guided by considerations and interests of the job at hand. There was brisk but thorough review of nine legislative bills that had been submitted by the State Duma. Some of them were approved, and others were rejected.

One, in particular, that was rejected was the Law on the assumption of duties by the newly elected President of the Russian Federation, because "the time has already passed, we have an elected president,

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and the inauguration procedure has been scheduled." Therefore the law has been postponed for a future date.

There were very long arguments about the federal Law on weapons. The chief opponents of that Law were the heads of defense enterprises that produce small arms. There was a conflict here of departmental interests, as well as simply the interests of citizens who either want to own weapons or are protesting the buying and selling of them. Therefore the law was not postponed, but was sent back for modification and apparently will be adopted quickly.

There was animated discussion of the Law on the cultural valuables that were shipped out of the USSR as a result of World War II and that are on the territory of the Russian Federation, which Law was adopted by the State Duma. The Law met the most polarized opinions and evaluations.

"I also expressed my own opinion: this law should not be adopted," V. P. Mukha said. "It is a fact of history that Hitlerite Germany, by attacking the Soviet Union, brought us incalculable misfortunes, including those dealing with cultural and scientific valuables. So everything that is on our territory today is our property, which was taken to replace that which was plundered. What we shall do with it in the future is another matter..."

The Federation Council adopted the Law on compensatory payments for meals in state, municipal, and general-educational institutions. Although the SF in the past half-year has not adopted any laws affecting the current budget, this received the "okay." But with the following formulation: "It goes into effect for Chernobyl children on 1 September 1996; and for all others, on 1 January 1997, so that in the future these items of expenditure will be stipulated." It would simply not be humane to tie up these measures in red tape.

But the question "Violations of payment of wages, pensions, scholarships, grants in aid, and social payments" was criticized "tooth and nail." It had been prepared by Federation Council's Committee on Social Policy. The question was asked: who has not been paying? The government? So, should the interest for "forfeit" be paid by the government?

"I think that the government, which has not been paying and has not been executing the federal law on the budget, deserves not the imposition of a fine on it, but resignation," V. P. Mukha remarked.

Another law that was rejected was the Law on the procedure for computing and increasing state pensions, which was adopted by the State Duma. Otherwise there will be holes in the budget that will leak trillions of rubles and people will not receive even the minimal payment that is legally coming to them. Although a recommendation was addressed to the Duma: set realistic deadlines. Of course, it is necessary to index the pensions, but those expenditures should be included in the 1997 budget.

For the same reasons, essentially speaking, the Law on the base cost of the necessary set of social products, or the so-called minimum subsistence basket, was rejected. In addition, when that law was being prepared, there was a demonstration of bureaucratic, averaged approaches that do not take into consideration the situation in various regions, at the different latitudes, etc.

V. P. Mukha informed the journalists about the execution of the oblast budget. With regard to income it was executed by 81.5 percent; for expenditures, by 78.2 percent (for Russia, approximately 50 percent). At such time, 328 billion rubles are the oblast's total indebtedness for wages, public education, public health, culture, etc. But the reproaches that were directly leveled at the oblast administration are not always justified.

As the governor noted, the administration has completely settled with the budgetary sphere during the half-year and owes only 18 billion rubles for payment of children's benefits. But Novosibirsk has an indebtedness for "children's" payments of 116.9 billion rubles; for education, 47 billion; for public health, 33 billion; for culture, 1.7 billion... But the city has its own budget. The city is self-governing.

According to V. P. Mukha's information, almost all of Boris Yeltsin's promises that he made a month and a half ago in Novosibirsk have been carried out. True, they have been late. But 95 billion rubles of a loan from the federal budget has been received, of which approximately 30 percent has been given to Novosibirsk. In addition, 80 billion rubles of credit has been granted for the payment of pensions. Other questions have been resolved.

But it is necessary to introduce order in the specified use of funds and the carrying out of social payments by enterprises. In many rayons, the funds from the budget are still being used in a "hooligan" manner. For example, 30 percent of the finances released is spent in Novosibirsk, Kuybyshev, the city of Ob, and in a number of other rayons for purposes other than the ones specified.

V. P. Mukha also announced the imposition of more rigid sanctions on those enterprises, organizations, and commercial structures which, while living comfortably, are evading taxes payable for social items.

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On the whole, all the local enterprises owe no more and no less than approximately 500 billion rubles.

"Have all of them been failing to pay their workers their wages for these five months? Definitely not. For example, the railroad, the 'Novosibirskmebel' AO [joint-stock company], VINAP... But they are not making any pension deductions. The strictest measures will be applied to them," V. P. Mukha concluded, "up to and including the declaration of bankruptcy and the freezing of their accounts. This kind of attitude is simply intolerable anymore!"

Vitaliy Petrovich commented, "It is all the more necessary because by October-November the situation with finance will be 'disgusting.' Therefore it will be necessary to proceed from what we have, and to mobilize all the sources and reserves."

Russia: Local Factory Wage Disputes Continue

964F2976A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 18 Jul 96 p 1

[Article by Elvira Novikova: "Confrontation at the Electrode Plant: They Promised To Pay the Wage Debt in 1997"]

[FBIS Translated Text] Although high-ranking officials in Moscow now do not hesitate to come on the television screen and to say jokingly to amazed Americans: "To work without money is Russian know-how," Russian workers do not agree with them, at least not at Novosibirsk Electrode Plant. There the work force demanded that General Director Aleksey Bezrukov announce a schedule for the payment of past wages, which have not been paid for six months. Bezrukov announced the schedule and the workers gasped: joke or not, they promised to repay their wage debt in May 1997! The director also accused them of working poorly, saying that the volume of production was done and that the percentage of defective output was high—What do you want to receive wages for?

But the general director of the electrode plant had obviously confused his enterprise with some other. As Sergey Pirko, chairman of the Novosibirsk Oblast committee of the trade union for miners and metallurgists, asserts, a check showed precisely the opposite: the volume of production increased by 4 percent this year and defective output was cut in half. From October through December of last year, the rate was 6.5 percent but in recent months it did not exceed 3.2 percent. Of course these are not brilliant results. But to raise the quality of output, it is necessary for the technical control department at the enterprise to be quite abnormal. Most not precisely this be the concern of the director? Just as the overhaul of the basic equipment as well. Only three of seven roasting furnaces at the enterprise are working.

The trade unions were unable to verify whether the director of the electrode plant himself is receiving his salary. "The accounting department is refusing to provide information," Pirko continues, "although this is a violation of the Law on Trade Unions. But it is clear even without checking the documents that Bezrukov is not hurting himself, for there are several intermediary firms that sell the plant's output."

More than a thousand workers brought suits in court but only 15 people received their back pay from that. The plant had no more money in its account. Now, after the workers "rebelled," money did appear from somewhere and they quietly started to pay it out but only to those who did not sue. This was to teach the "rebels" a lesson.

In general, the work force is by no means thrilled with its director. A conference of the plant work force decided to demand that the oblast administration break the work contract with him. The presidium of the oblast committee of the trade union supported this decision and sent documents to the oblast administration, to the Central Council of Trade Unions, and to the Russian Committee on Metallurgy.

A representative came from the committee, a certain Bezrukov. They say that it is simply the same family name, for such things do happen! The leader of the local trade union was unable to meet with him, although he very much wanted to do so. The Bezrukov from Moscow quickly met with the deputy head of the oblast administration Vasiliy Kiselev and after that he immediately went to the plant—and then flew home. To be sure, he did announce in the plant trade union committee that there could be no talk of the dismissal of General Director Aleksey Bezrukov.

Mass persecution of specialists—shop chiefs and deputies of the director—began at the electrode plant. They are the ones who six months ago wrote a letter to the oblast administration about the outrageous situation at the electrode plant. There are 21 "Decabrists." And today all of them are subject to cuts or transfer to lower-paid positions under the pretext of the structural reorganization of the enterprise.

Russia: Sverdlovsk Government Chairman Elected

964F2981A Yekaterinburg NA SMENU in Russian 18 May 96 p 1

[YeAN report: "New Appointment"]

[FBIS Translated Text] Yekaterinburg—With the consent of the oblast Duma, Eduard Rossel signed an edict

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appointing Aleksey Vorobyev to the office of chairman of the oblast government, the governor's press secretary reported. In conformity with the oblast charter, the new cabinet chief will recommend government members to the governor. With E. Rossel's approval, they will be appointed by his edict.

Yekaterinburg—According to the governor's press secretary, on 15 May Eduard Rossel gained the consent of the deputies of the oblast Duma of the Sverdlovsk Oblast Legislative Assembly to Aleksey Vorobyev's appointment as chairman of the Sverdlovsk Oblast Government. Of the 24 deputies who were present, 17 voted for the appointment, one voted against it, four abstained, and two did not respond when the vote was called. The law requires a majority vote—i.e., at least 15 deputies. Aleksey Petrovich Vorobyev was born in 1950 in the rural community of Dumino in Vyshevolotskiy Rayon and Kalinin Oblast. He graduated from the Kalinin Polytechnical Institute with a degree as a candidate of juridical sciences. He began his career in Sverdlovsk Oblast at the Kirovgrad Copper Combine, where he worked as a fitter, a mechanic, and a shop chief. Later he served as the deputy chairman of the Kirovgrad gorispolkom, the deputy head and head of an oblispolkom section, the director of a department of the oblast administration chief, the oblast Duma chief of staff, and the first deputy chairman of the oblast government. He is married and has a daughter.

Russia: Ozone Hole Over Irkutsk Warned

964F2981B Irkutsk SOVETSKAYA MOLODEZH in Russian 20 Jul 96 p 1

[Article by Olga Kuklina: "Blonds, Do Not Wear Shorts on Your Days Off; There Is an 'Ozone Hole' Over Irkutsk"]

[FBIS Translated Text] **According to the Russian Federal Hydrometeorology and Environmental Control Service, the "ozone hole" (an anomalous low ozone content in the atmosphere), which has been moving east from Russia's central regions, has "crept" all the way to Irkutsk Oblast and southern Yakutia.**

Experts from the "Irkut" Unified Station (they are the only ones monitoring the ozone content in the oblast), incidentally, did not confirm the fears of their colleagues in the capital, but Doctor of Physics and Mathematics Vladimir Kovalenko, the deputy director of the Irkutsk Institute of Solar Earth Physics of the Siberian Department of the Russian Academy of Sciences, says that our ozone monitors are incapable of registering the "ozone hole" in principle. This would require a whole network of stations receiving signals from rockets or satellites, but only ground observations from a single station are being conducted in the region.

"The causes of ozone reduction in the atmosphere over Irkutsk do exist today," Vladimir Afanasyevich said, "because we have had such a long heat wave and there is no cold air coming into the region. I think, however, that there is no need for panic. Australia has been living with a relatively thin ozone layer for centuries without any problems."

Sunbathing is possible in general, but only within reasonable limits and with the use of protective lotions, and not between the hours of 11:00 and 15:00. Blonds with fair skin should stay in the shade for the next few weekends. This is the advice we heard in the Solar Earth Physics Institute and from Yevgeniy Mitrofanov, the chief geologist of "Sosnovgeologiya," and Viktoriya Dvornichenko, the chief physician of the Irkutsk Oblast Oncological Hospital.

Russia: Far-East Bank Steps To Expand Productivity

964F2975A Vladivostok UTRO ROSSII in Russian 15 Jun 96 p 2

[Unattributed article under "Finances and Production" rubric: "Project in Support of Enterprises: The Far-East Bank Makes Available Credits for the Development of Production"]

[FBIS Translated Text] An agreement on participation in a project in support of Russian enterprises was signed by the Ministry of Finance of the Russian Federation and four Russian banks, including the leading financial institution of the region—the Far-East Bank.

As the press center of the Far-East Bank reports, the project is being realized in the scope of a program for the development of the financial institutions of Russia that is being carried out by the world and European banks for reconstruction and development. It is planned to make $300 million available to Russian banks. The credit granted to each participating bank initially amounts to $10 million but it may be increased as it is utilized and in the longer term may amount to a maximum of 100 percent of the bank's capital.

A special feature of the credit is that neither the bank nor the borrowing enterprise will receive money directly in its accounts. After the signing of the credit agreement with Far-East Bank, the money will be transferred to the accounts of equipment suppliers, mostly foreign, under specific investment programs.

All of the credit risks are borne by Far-East Bank, which is accountable to the Ministry of Finance for

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the proper use of the funds. The enterprise bears the risks associated with changes in the exchange rate of the dollar. The credits are made available in U.S. dollars only.

The project is intended for the support of real operating enterprises, which may acquire new technologies and equipment and increase their working capital. But borrowers may only be companies or enterprises, including those that have been privatized, in which the share of state ownership of the authorized capital stock does not exceed 25 percent.

To obtain the credit, it is necessary to submit a package of documents that includes a business plan, information on the financial state and primary owners of the enterprise and its most recent guarantors, a forecast of financial indicators, and information on the impact of the project on the environment as well as on practices in making purchases.

Unacceptable for financing from the point of view of the World Bank are projects having to do with the production of tobacco products and military and nuclear production and loans aimed at the refinancing of existing debts and the acquisition of real estate. To be sure, projects for the construction of real estate or projects carried out by enterprises of the military-industrial complex for the production of peaceful output may be acceptable.

The borrower must invest not less than 30 percent of the amount necessary for the realization of the project from his own funds. Thus, enterprises that are financially insolvent or those that have been recently organized and lack credit histories as well as their own working capital cannot hope to participate in a project.

The first applications will be analyzed not only at Far-East Bank but also in the group for the realization of the projects in Moscow and at the world and European banks for reconstruction and development.

Credits in the scope of the project in support of enterprises will be given to clients on rather favorable terms. The time of the credit is from one to nine years. It is also possible to grant the borrower a preferential period of up to two years before he must begin to repay the credit. The rate on the credit for the ultimate borrower will average 15-17 percent, which is significantly lower than the average of interest rates today.

Participating along with Far-East Bank in the project in support of enterprises, seaside enterprises will receive a wonderful opportunity to carry out their specific projects aimed at the development of production.

It is expected that another two agreements will be signed in the near future on projects in support of small and medium-sized business and enterprises of the construction industry, the result of which will be the financing of specific investment programs.

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Kyrgyzstan

Kyrgyzstan: Akayev, State's Economic Policy Criticized

964F3050A Moscow SEGODNYA in Russian 6 Jul 96 p 4

[Article by Igor Shestakov, Bishkek, under rubric "Kyrgyzstan": "Askar Akayev Has Criticized the Government's Actions: Foreign observers feel that the president's political course may provide the country with new credit"]

[FBIS Translated Text] Republic President Askar Akayev, speaking in the last week of June at the State Council, where, in addition to the officials in the cabinet of ministers, those present included the oblast governors and managers of the largest banks, firms, and state enterprises, stated, "If within the near future the government and the local administrations do not take decisive steps to stabilize the social situation in the Republic, by autumn Kyrgyzstan can expect five economic crises."

According to the president, the Republic is threatened by crises involving the budget, energy, social problems, payments, and nonpayments. Those crises may completely nullify the course of the economic reforms that were begun in 1992. Mr. Akayev feels that it is possible in the republic to achieve a budget without a deficit, as in Turkmenistan, but then there will be no money with which to pay the workers who are paid from the budget, and the payment of pensions will cease.

The president mentioned as one of the main economic problems the low interest on the taxes being collected. Most of the entrepreneurs themselves are already announcing their changeover to the practice of nonpayment of taxes, inasmuch as the declaring of income is not completely assured. All of this is promoting an increase in corruption in the tax agencies, which take a tolerant attitude to any abuses on the part of managers of major firms and enterprises. However, according to Askar Akayev, the situation can be corrected by introducing a new tax code that will stipulate strict punishment for nonpayers of taxes.

Touching upon land reform, the president commented that the creation of individually owned and peasant farms and agricultural cooperatives did not have any effect whatsoever on increasing the amount of agricultural output. At that time the government had not created a system for purchasing output or a system for providing reliable credit to rural commodity producers. The president also commented that as far back as 1994 he had given the government the task of reducing the import of food products. But today 45 percent of the food products consumed in the country are imported. That is one of the reasons for the tremendous deficit in the trade balance.

The situation in energy engineering is even more serious than in agriculture, inasmuch as the government is not paying any attention to resolving the technical and financial problems in the Republic's energy base. Kyrgyzstan's distribution networks have completely exhausted their handling capacity, and this makes impossible any further growth in the consumption of electrical energy in the rural regions.

As for foreign trade, during the current year the export from Kyrgyzstan came to 28 percent, and import, 72 percent. According to Askar Akayev, these figures attest to the catastrophe in local industry. The deficit in the trade balance was more than $100 million, and the deficit in the current-operations account was 9.2 percent of the VVP [gross domestic product], which is almost twice the admissible threshold of approximately 5-6 percent. In 1994 the deficit in the current-operations account was close to the admissible limit — 6.3 percent.

Askar Akayev feels that the cabinet of ministers should do everything to assure that Kyrgyzstan remains a free-trade country. The modernization of enterprises must be carried out under conditions of competition with the producers of imported goods. It is necessary to fight for a high rating at the international standards organization and to attempt to improve our reputation in the world market.

Askar Akayev emphasized that the executive discipline of the authority today is lower than it has ever been, and the actions of the government in interacting with the state administrations have been relatively ineffective. The government no longer has time for selecting the best scenario for economic growth. Foreign experts who are located in Kyrgyzstan comment that the president's statements like this may lead to serious personnel changes within the government, up to and including the replacement of the prime minister. But, according to the experts, the democratic concept of the development of the republic's economic and political base is favorable for an influx of Western investments. Although recently their volume is beginning to increase in Turkmenistan and Uzbekistan, where the ruling structures are less democratic.

However, Kyrgyzstan continues to remain for the West an outpost of democracy in Central Asia. This has found its indirect confirmation in the fact that a conference to attract foreign investments into the republic, which was held in Bishkek in late June, was attended by representatives of 80 of the leading firms from 20 countries throughout the world: Dow Corporation, Samsung,

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BASF, Philip Morris, Siemens, Coca-Cola, and many others, as well as experts from the YeBRR [European Bank of Development and Reconstruction], the World Bank, and the International Monetary Fund. According to Western experts, even in the event of a 100-percent replacement of the government, Kyrgyzstan is incapable of completely correcting the economic situation in the country. However, there is an opportunity to attract Western investors who support Askar Akayev's political course, if not his economic one.

Turkmenistan

Turkmenistan: International Rail Agreement Signed

964F2932A Ashgabat NEYTRALNYY TURKMENISTAN in Russian 17 Jun 96 p 1

[Interview with Kh. Khallykov, chief of the Turkmenistan State Railroad, conducted by correspondent by V. Obramenko: "North-South Project of the Century"]

[FBIS Translated Text] **During the Ashgabat meeting of heads of state of the ECO [Economic Cooperation Organization] states, among the most important documents signed was the "Memorandum of mutual understanding between Turkmenistan, the Islamic Republic of Iran and the Republic of Kazakhstan on cooperation in implementing the project of the railroad passage of Yeraliyevo - Turkmenbashi - Beyder-Turkmen." Having placed their signatures under the memorandum, the Presidents of Turkmenistan S. A. Niyazov, of the Islamic Republic of Iran Kh. Rafsandzhani and of the Republic of Kazakhstan N. Nazarbayev expressed the intention of their countries to cooperate in implementation of the North-South project—one more segment along the ancient Silk Route.**

Our correspondent spoke about the new project of the century with the chief of the State Railroad of Turkmenistan, Kh. Khallykov.

[Correspondent] Kudayguly Khallykovich, what is the essence of the important new document which has been adopted, and what is the purpose of building yet another railroad and a second railway passage to the south?

[Khallykov] The program for development of railroads in our independent neutral state, which was announced by President of Turkmenistan S. A. Niyazov, calls for construction of 2,010 kilometers of new railroad main lines, including branches—from Yeraliyevo (Kazakhstan) to Turkmenbashi (Turkmenistan), Kazandzhik, Kizylatrek, the Iranian border, and as far as the port of Bender-Turkmen in a north-south direction.

Our honorable President Saparmurat Turkmenbashi has expended much effort and energy, and shown true enthusiasm in the realization of the North-South project.

This very promising direction of cargo and passenger transit along a shortened route has attracted the attention of leaders of many countries. At the regular meeting of the heads of ECO states, which was held in the capital of our neutral state, the President of Turkmenistan, the outstanding leader of our time Saparmurat Turkmenbashi, presented the idea of joint construction of the most reliable and shortest main line from Russia through Kazakhstan and Turkmenistan to the Persian Gulf. This initiative of President S. A. Niyazov was supported at the ECO meeting. Naturally, the Islamic Republic of Iran, Kazakhstan and Turkmenistan exhibited particular interest in this project, since the new railroad line would pass through their territory. These countries ascribe great importance to expansion of trade turnover, to establishing new transport routes in the realization of programs for development of the ECO states and activization of inter-regional relations.

The signing of the memorandum created new conditions for bringing the North-South project to life, and gave new impetus to its continued development. The memorandum was signed in mid-May, and at the end of May the course of the preparations for the technical-economic substantiation of the North-South project was already being reviewed in Moscow, the capital of the Russian Federation. Specialists from Turkmenistan, from the Ministry of Railways of Russia, from "Rosstranstroy," [Russian Federation Committee on Transport Construction] and from design institutes adopted the decision that the TEO [technical-economic substantiation] for the North-South passage must first be handed over for study to an independent expert commission, and then the work on it should be continued. At the same time, in Moscow, in accordance with the points of the memorandum, a meeting of representatives from Turkmenistan, Russia and Kazakhstan was held, at which further actions on implementing the project were outlined. Specifically, the parties expressed the desire that, based on the results of the technical-economic substantiation, it would be expedient to create a joint-stock company for construction of the railroad, attracting to it stockholders and investors—both domestic and foreign. A thorough development of each party's participation in the construction is also needed, including provision with mechanisms, equipment, etc.

[Correspondent] Kudayguly Khallykovich, please tell us in more detail about the railroad itself, and about what it gives the countries participating in the project.

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[Khallykov] Construction of two sections of a single passage is envisioned. One of them will extend from the station at Yeraliyevo (Kazakhstan) to our city of Turkmenbashi. This section will extend for 442 km, of which 240 will pass through Turkmenistan territory. The construction of the second section, from Kazandzhik to Kizylatrek, and further to the port of Bender-Turkmen, comprises slightly over 300 km.

Construction and operational introduction of the new railroad will make it possible to organize the shipment of cargo for a considerable distance in the direction of Astrakhan - Makat - Bayneu - Yeraliyevo -Turkmenbashi - Kazandzhik - Kizylatrek - Gorgan - Bender-Turkmen, and then on to the ports of the Persian Gulf and the coastal countries of the Indian Ocean. Realization of the project will make it possible to reduce the time of cargo deliveries by two days. The shipping expenditures will also be reduced. These factors alone make it possible to significantly increase the volume of shipments in this direction.

Moreover, and this is quite significant, direct access of cargo is provided from the countries of Europe and Russia south to the Persian Gulf, to the ports of Abadan and Bender-Dobas. This passage will make it possible to attract to the railroads of Turkmenistan and Iran cargo which is delivered from India, Pakistan, and Afghanistan. As the project planners believe, in the direction of export this cargo flow may comprise 3.9 million tonnes per year, and in the direction of import—1.7 million tonnes. The passenger flow will also increase significantly.

As specialists believe, the states of the Transcaucasus are exhibiting great interest in transit along our railroad passages. They will also receive the shortest access to the Persian Gulf and China. The road to Kazakhstan will become shorter for them, as will the road to the northeastern regions of Russia.

[Correspondent] What specific role will the railroad play for Turkmenistan?

[Khallykov] There will be a sharp increase in the passage capacity of Turkmenistan railroads. After implementation of this project of the century, our independent neutral state will become the largest crossroads of steel main lines in the region. Annual revenues to the income of Turkmenistan after the operational introduction of the North-South main line will comprise $90.6 million, and the profits will be $43.9 million.

In the areas where the new railroad will pass through, the living conditions of the people will also undoubtedly change. New stations will appear, life along the route will be transformed, transport communications and energy provision will be improved, cargo shipments will increase, and many other things. For instance, from the first days that the Tedzhen-Serakhs railroad came to Gulanly and Serakhs, all the necessities began to arrive there by the most reliable and fastest transport along the steel main line. The stations at Khauzkhan and Ata were also transformed. Now they accept passenger and cargo trains from Ashgabat. The same transformations will occur also along the new Chardzhou-Kerki-Kerkichi line, construction of which is already underway. Well and, of course, the territories along the new Yeraliyevo - Turkmenbashi - Bender-Turkmen line will also be revitalized. It will generally pass through sparsely populated steppe regions. And therefore, around 10 stations will spring up along the route, and transport communications with Bekdash, the villages of Kumlisol, Koturdepe, Bugdayly, Madao, Gasankuli, etc. will become more reliable.

As specialists believe, the new railroad will facilitate the rapid development of local shipping, will help to involve new mineral deposits into the national economic turnover of Turkmenistan, will facilitate bringing mineral raw materials out of the old storehouses, specifically the riches of Karabogazgol, Kizyl-Kay, building materials from the city of Turkmenbashi, etc. According to the most conservative estimates, local shipments along the new railroad will increase by 1.5 - 2 times, and provision of all necessities to residents of remote villages located along the route will be improved.

[Correspondent] Khudayguly Khallykovich, the construction of the new Yeraliyevo - Turkmenbashi - Bender-Turkmen Railroad will, by its expenditures, surpass the Tedzhen - Serakhs - Meshkhed Railroad line which has already been placed into operation. There are still great difficulties which lie ahead for you, and it will be necessary to make considerable investments of capital and material resources. How do you intend to handle all this?

[Khallykov] The construction of the Tedzhen - Serakho - Meshkhed Main Railroad Line has taught us much. Vast experience was acquired in accelerated laying of track, in erecting various structures and large bridges, and in overcoming water obstacles. We have developed reliable relations with suppliers from the CIS countries and other states. Thus, by the 5th anniversary of the independence of our state, the joint Turkmen-Russian enterprise on production of railroad ties, with productivity of 250,000 units per year, will be placed into operation. I also consider the experience with our partner in the common cause, which was the Islamic Republic of Iran at the first stage of construction of the Tedzhen - Serakhs - Meshkhed line, to be very important.

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Now we will gain experience in mutual relations with several partners—Russia, the IRI [Islamic Republic of Iran], Kazakhstan and Turkmenistan. I believe that things will go much faster at the new construction site. Moreover, the memorandum notes that the parties are examining the possibility of joint construction and operation of a North-South railroad passage on the basis of cooperation. So that I am deeply convinced and believe in the embodiment of the North-South project of the century, as, I might add, also in the realization of the entire program of development of Turkmenistan railroads, as proposed by our honorable President Saparmurat Turkmenbashi. We will spare no effort for its fulfillment.

Turkmenistan: Rail Line to Iran Begins Operation

96P50114A Ashgabat TURKMENISTAN in Turkmen 28 Jun 96 p 3

[Unattributed Turkmen Press Article: "The Tejen-Sarakhs-Meshed Line Has Begun Transporting Freight"]

[FBIS Translated Text] Sarakhs, 27 June (Turkmen Press)

The first freight arrived on the new transport line Bender-Abbas-Sarakhs today and consisted of hundreds of tons of flour. This was possible thanks to the activation of the Tejen-Sarakhs-Meshed rail line which was opened with great festivity on 13 May at the site where the Turkmen and Iranian rail networks are joined.

The festive participation of the presidents of twelve countries confirmed the great significance of this event for the development of interregional economic ties. A little more than a month has past since then and now the international transport route — the "Golden Link" - the Tejen-Sarakhs-Meshed line — has cleared the way for freight transport to ports on the Indian and Pacific oceans.

As reported to a Turkmen Press correspondent, today at the Turkmenistan Railroad Administration fifteen rail cars arrived at the freight loading and unloading station located between the two cities of the same name, Sarakhs, on the Turkmen-Iranian border. In order to send and receive freight, ten freight railway lines of 1,500 meters each have been laid. Two terminals and storage buildings have also been constructed for the loading and unloading of rail containers and closed cars of cotton fiber.

Many orders from numerous countries to utilize the Turkmen-Iranian transit route leading to the port Bender-Abbas have already been placed at the Turkmenistan Railroad Administration. Kazakhstan is preparing to transport coal and rolled iron; Uzbekistan - cotton fiber; and Kyrgyzstan and Tajikistan - various goods and raw materials.

Uzbekistan

Uzbekistan: Results of Karimov's U.S. Visit Outlined

964F2946B Tashkent NARODNOYE SLOVO in Russian 4 Jul 96 p 2

[Article by Fakhritdin Nizom, especially for NARODNOYE SLOVO and KHALK SUZI: "Uzbekistan-U.S.: On the Path to Strategic Cooperation: As was previously reported, from 23 through 28 June Uzbekistan Republic President Islam Karimov made a working visit to the United States of America"]

[FBIS Translated Text]

1. Washington

Although the program for every day of the visit was very full, one of those days — 25 June — will go down in the history of the interrelations between the two countries as a special page.

On that day Uzbekistan President Islam Karimov met U. S. President Bill Clinton.

Islam Karimov and Bill Clinton discussed questions that are of interest to both sides — questions of economics, politics, and security — and the rate of the political and economic reforms in Uzbekistan.

Bill Clinton's administration announced its self-interest in strengthening the independence and stability of the Central Asian countries and their progress, and also its readiness to promote the development of Uzbekistan's cooperation with the countries of the West, to assist it in establishing reliable ties with neighboring states, and to render assistance on the path of the most rapid integration into the world community. Keeping in mind our country's key role in the Central Asian region, the United States intends to develop close ties with Uzbekistan with regard to a broad circle of questions.

Another important event occurred on that day. The new building housing the embassy of the Republic of Uzbekistan in the United States of America opened on that day. The participation in the opening ceremony by officials of the highest rank in the Clinton administration, such as U.S. Secretary of Defense W. Perry, Energy Secretary G. O'Leary, and G. Collins, the State Department's chief coordinator of U.S. policy with respect to the CIS countries, attests to the fact that the political base for establishing solid relations between the two countries has already been laid.

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Islam Karimov evaluated the opening of the new building housing the embassy of Uzbekistan in the capital of the United States of America as the natural result of the Uzbek-American relations that have been developing at an intensive and steady rate.

As G. Collins, the State Department's chief coordinator of U.S. policy with respect to the CIS countries, remarked, these two events, occurring on the same day, are the symbol of the establishment between the two countries of long-term relations which, in the next century, will reach the level of strategic cooperation.

The person who was probably most pleased at the ceremony of the opening of the new embassy building was D. Carlyle, a professor from Harvard University and Boston College. As a major specialist on Central Asia, and in particular on Uzbekistan, he understands better than any of the others the history of the peoples of this region, the events occurring here, the problems that have come to a head, and the spirit and political philosophy of the people — in a word, he has a thorough knowledge of the situation.

Dr. D. Carlyle was concerned that the Americans had been getting one-sided information concerning Uzbekistan, and even that was from secondary sources. Therefore, having taken it upon himself to overcome the shortage of reliable information, he wrote the book "Central Asia: The Past and Future Prospects." Together with another specialist on Central Asia — political expert L. Levitin — he also published the book "Islam Karimov — president of the New Uzbekistan." Within a short period of time the book attracted the attention of Western readers. For the first time the countries of the West acquired the possibility of obtaining extensive and direct information about the economic and political reforms being carried out in Uzbekistan, the unusual difficulties on that path, and the Uzbek nation that is stubbornly overcoming them. Our new independent state began to come out from under the information blockade of the former center. The opportunity that opened up for the direct exchange of information and for presenting our unique way of life to the entire world is creating the conditions for direct cooperation with other countries and private companies.

During the summit meeting of the heads of state and heads of government of the member-countries of the European Union in Florence, Italy, the president of Uzbekistan signed an Agreement of Cooperation between Uzbekistan and that international organizations, and several days later, in the White House, he met with U.S. President Bill Clinton. All of this was a kind of recognition of the political and social reforms, the free market relations, and the democratic principles that are being formed in our republic, which is confidently entering the world community and turning its face toward the values treasured by all of mankind. The relations between Uzbekistan and these two centers of world policy and economics are rising to a new level.

The Western countries, which at one time were concerned when they learned that Uzbekistan had chosen for itself a unique path for the construction of a society based on market relations and democracy, a path that took into consideration the political philosophy, traditions and customs, and history of the nation, are now convinced that this is the only correct path, for which there is no alternative. Because it is impossible to build a democratic society without guaranteeing the highest right for the citizens — the right to live.

Whatever has been done today to restore the state system, to create its legal base, to gain economic independence, and to attract foreign businessmen and investments into the country, all of this was achieved thanks to stability and the prevention of bloodshed. The political and business circles of Western Europe and America also have a self-interest in this.

President I. Karimov, answering a question asked by a representative of the opposition, Abdumannop Pulatov, at a meeting with journalists that was held in the National Press Club in Washington, remarked that no obstacles exist in Uzbekistan for the opposition. He emphasized that every citizen or political organization bears responsibility only to the law. The international Human Rights Watch, and representatives of the OSCE Bureau on Human Rights and Democratic Institutions, have also emphasized that democratic principles are being confirmed in our republic. Those human-right organizations are in constant contact with Uzbekistan and carry out joint measures. In the near future the Human Rights Watch plans to open its representation in Tashkent.

During his visit with representatives of the U.S. mass media, Islam Karimov spoke about the fact that the Agreement that had been signed in Florence between the European Union and Uzbekistan will serve as the institutional base for a reciprocal political dialogue, and will create broad opportunities for developing economic, cultural, and scientific-technical ties. This is yet another conformation of our republic's adherence to the principles of democracy and free market relations.

At the same time Islam Karimov emphasized that he had repeatedly subjected the mass media to sharp criticism for being incapable of rising to the level of worldwide requirements.

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In response to A. Pulatov's views concerning the possibility of cooperation between the official government and the opposition in defending independence, President I. Karimov replied that no grouping or party has the right to declare its complete right to independence; independence is the achievement of our nation. If the need arises, it will be defended by the entire Uzbek nation. Actually, the defense of independence does not mean only the building up of the defense potential. The establishment of smooth ties with such leading world powers as the Western European states and the United States, and the raising of them to the strategic level, can serve as the guarantee of our national security.

It was for that reason that, at a briefing that had been organized for representatives of American business circles in the OPIK [Overseas Private Investment Corporation] headquarters, Islam Karimov emphasized that he had made the visit to this country in order to prepare the political soil for developing ties and cooperation.

The meeting with the President of the United States was brilliant testimony to that. In addition, President Islam Karimov met the following officials: E. Lake, advisor to the U.S. president on questions of national security; Secretary of Defense W. Perry; Energy Secretary G. O'Leary; Secretary of the Treasury R. Rubin; Deputy Secretary of State S. Talbot; members of the U.S. House and Senate International Relations Committee; S. Solarz, chairman of the Central Asian-American Foundation for Supporting Entrepreneurship; representatives of business circles; and World Bank president G. Wolfenson.

At the Pentagon — the headquarters of the U.S. Defense Department — Uzbekistan President Islam Karimov was met with an especial amount of respect. A 21-gun artillery salute was given in his honor. At a press conference that was held before the conversation with the president of Uzbekistan in the Pentagon, Secretary of Defense W. Perry remarked that his department is carrying out cooperation with our country in such spheres as economics, security, conversion, and others, and also within the framework of the "Partnership on Behalf of Peace" Program that had been signed with NATO.

During discussions with Central Intelligence Director G. Deutch, FBI director L. Frieh, and U.S. First Deputy Secretary of State S. Talbot, Uzbekistan President Islam Karimov discussed questions linked with security in the Central Asian region, with the ending of the war that has been in progress for many years, and with the joint fight against terrorism and the drug business.

The most important thing is that the U.S. administration and Congress completely support Uzbekistan's energetic efforts to normalize the situation in the region and to establish peace and stability there.

It is apropos to mention here that at a regular session of the UN General Assembly, the American side announced its readiness to support Uzbekistan's recommendations for establishing peace and stability in Afghanistan.

The proposal made by Uzbekistan President Islam Karimov at the 50th session of the UN General Assembly concerning the announcing of an embargo by the Security Council on the importation of weapons into Afghanistan was supported and special decisions were enacted on its basis by the United Nations and the European Parliament. This problem was also discussed in the U.S. Congress. All this attests to the fact that the path that was proposed by Islam Karimov does not have an alternative.

The political dialogue at the highest level to guarantee regional security, which dialogue was begun between Uzbekistan and the United States, will create favorable conditions for the business and capital of the economically most developed country in the world to enter the Uzbekistan and Central Asian markets and to become stronger there.

At a reception organized in honor of Islam Karimov by the American Trade and Development Agency, the president of Uzbekistan mentioned among the first-priority spheres of Uzbek-American cooperation the prospecting for oil and gas, their refining, the mining of gold and precious metals, the production of strategic raw materials, power engineering, aircraft construction and the conversion-technology complex, the joint production of farm equipment, transportation and telecommunications, the banking and insurance system, the introduction of ecologically safe technologies, and the carrying out of measures to improve the ecological situation.

In the course of a briefing that was held on the initiative of that agency in the OPIK headquarters in Washington, and of conferences held in the city of Houston — on questions of Uzbekistan's petroleum and gas capability — and in city of Denver — on the natural resources and potential of our country's mining industry — as well as at exhibitions that had been organized within the framework of those measures, representatives of American business circles were given detailed information concerning the favorable economic, legal, and political conditions that have been created in Uzbekistan for foreign investments and business.

Islam Karimov said that the purpose of his trip was to give American business circles reliable and complete information about Uzbekistan, to define the branches

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where our interests coincide, and to turn the ship of the republic's economy in the direction of present-day and promising technologies and global integration. Because cooperation with such an economically strong country as the United States is of very great importance for our country. For purposes of comparison, the President gave the following example. The effectiveness of the Case combines that are produced in America is almost ten times greater than that of Russian Yenisey combines. True, the Case combines cost considerably more. However, it is for good reason that people say "The stingy person pays twice."

It was mentioned at the briefing that foreign businessmen who are conducting their affairs in the republics of Central Asia have been encountering legal instability, that is, the frequent rewriting of laws, which creates definite difficulties for normal work, and they asked the question of what kind of situation in this regard has developed in Uzbekistan.

Answering that question, Islam Karimov said that during the transitional period, as a rule, new laws are enacted with a consideration of the situation that is developing. But in our country, foreign businessmen can continue working for ten years on the basis of the laws that were in effect when they started their activity in Uzbekistan. In the event that they are changed, they may, at their own discretion, operate on the basis either of the old laws or the new ones. This is the optimal path for preserving legal stability during the transitional period, the president emphasized.

At the present time 200 Uzbek-American joint ventures are in operation in our country. Twenty-eight American companies, firms, and banks have opened up their representations in Tashkent.

At a briefing that was held at the OPIK headquarters, the participants included the heads of more than 70 leading U.S. companies specializing in such spheres as financial activity, the mining industry, and production of output.

After the briefing, the following documents were signed: between the "Uzbekneftgaz" National Corporation, the Enron Corporation, and OPIK — a protocol on the financing and insuring of the projects; between the Uzbekistan National Bank of Foreign-Economic Activity and the Case Corporation — an agreement on the creation of a leasing company. Other important documents were also signed.

The $400 million that OPIK is allocating in conformity with the protocol on the financing and insuring of the projects will promote the development of the gas industry in Uzbekistan.

Presenting the podium at the briefing to Islam Karimov, OPIK president R. Harkin reported on her intention to support the reforms being carried out under the leadership of Islam Karimov. She emphasized that OPIK plays an important role in the actions of the Clinton administration that are aimed at strengthening the economic ties with Uzbekistan.

At the present time, with the participation of OPIK, investments with a total value of $200 million have been attracted into the Uzbekistan economy. Six foundations that are carrying out their activity wit its help and that have $1.2 billion, are planning to make newer and newer investments in the economy of Uzbekistan and other new independent states.

That corporation, which is an independent agency of the United States, engages in the financial support and insuring of projects being carried out by American businessmen in foreign countries, protecting them from political risk.

2. Houston

As is well known, our republic has rich oil and gas reserves at its disposal. The fuel industry and energy industry are important branches of the economy. In order to provide for the country's domestic needs for energy carriers and for the country to be able in the future to export oil and gas, which are the source of hard currency, it is necessary to have advanced American technologies for extracting and refining them. Although it had very rich reserves of oil and gas, when the USSR was in existence Uzbekistan was forced to satisfy its domestic needs by annually importing from Russia 4-4.5 million tons of oil. After Uzbekistan acquired its independence, people in the country began to pay special attention to developing the fuel and energy complex. The question of fuel and energy independence was elevated to the rank of a political question that determines our country's fate and future. The exploitation of the oil and gas deposits became the most promising branch for the making of investments.

In Houston Islam Karimov had meetings with K. Lay, chairman of the Enron Group of Energy Companies; and with P. Barnevik, president and executive director of the ABB Group transnational corporation, the headquarters of which is located in Zurich, Switzerland. The ABB Group is cooperating with Uzbekistan in the construction of electric power stations and substations, in the delivery of robotic equipment, and in other branches of industry.

The president also met with the heads of the Unocal and Delta companies, which specialize in the extraction of oil and gas.

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It is not accidental that the conference and exhibition that were devoted to the investment capabilities of Uzbekistan's oil and gas industry were held in the capital of Texas, Houston. More than 500 firms linked with the production of energy carriers, more than 200 firms that engage in the prospecting and exploitation of very large deposits of minerals, more than 50 enterprises that produce pipes, and 100 enterprises that produce output for the energy branch, and representations of such very large firms as Cooper Industries, Keystone, Dresser, Halliburton, Reed Tool, and the Texaco and Enron companies, are situated in the Houston area.

At the conference the "Uzbekneftgaz" Corporation and Texaco signed a founding contract concerning the creation of a joint venture, as well as a contract concerning the terms for creating joint ventures; and a contract between "Uzbekneftgaz" and Enron Oil and Gas International concerning the prospecting and activation of gas deposits. According to the contracts, within the next few months our country will receive advanced American technologies for producing lubricants, and for extracting oil and gas. The profit of the Texaco Company in 1995 came to $36.8 billion. That company is one of the 15 largest corporations in the United States.

The attainment of independence in the fuel and energy branch, in addition to increasing the extraction of oil and gas, requires the more effective use of the available capabilities. Therefore in the U.S. Congress building, in the presence of President Islam Karimov, Tennessee governor T. Sunquist, and senators who had been elected in that state, a document was signed concerning the creation in Uzbekistan of the Gasmotors and Gascompressor joint ventures.

In that branch, cooperation will develop between American companies such as American Engineering, Inc. (Memphis, Tennessee), Exprofuels (San Antonio, Texas) and "Uzavtotrans" and the Ministry of Water Management. T. Howes, president of Exprofuels, evaluated this as a historic project. Because this is the first time on earth that such a vast project is being carried out: the job of converting 200,000 passenger cars, buses, and trucks from gasoline to compressed natural gas. Thus Uzbekistan can serve as an example for the countries that are striving to protect the environment. According to the computations, the conversion of motor vehicles to compressed natural gas will reduce the annual volume of harmful emissions from each vehicle into the atmosphere by 2 pounds (approximately 900 grams), and a total amount of 400,000 pounds. Within the first five years it will become possible to save approximately 1.2 billion gallons (one gallon is equal to 3.79 liters) of gasoline.

Another document that was signed in the Congress building was the protocol of intentions among the government of the Republic of Uzbekistan, the U.S. Council of Southern States, and ATI (American Technical Institute).

3. Denver

One of the highest-priority and most powerful branches in Uzbekistan's economy is the industry of mining and processing mineral resources. As is well known, the famous American Newmont Mining Corporation, since the very first years of our independence, confidently began to enter the economy of Uzbekistan. That corporation, jointly with the republic government, during a period of 18 months built and activated in the city of Zarafshan the "Zarafshan-Nyumont" [Zarafshan-Newmont] joint venture, for mining gold from worked ore. The construction of the joint venture was carried out according to the "fifty-fifty" principle, that is, in equal shares, and investments in the amount of $225 million were made in it.

In Denver, Colorado, which is the location of the headquarters of the Newmont Mining Corporation, which was one of the first to enter the economy of Uzbekistan, a conference and exhibition were organized on the topic "Uzbekistan's investment capabilities in the sphere of mining and processing mineral resources."

The president of Uzbekistan, who had arrived for participation in the conference, met here with Colorado Governor R. Romer. At that meeting an agreement was signed concerning cooperation between the Uzbekistan government and the state of Colorado.

At that conference the president of Uzbekistan told the conference participants about Uzbekistan's rich natural resources, the state of political and social stability, and the favorable financial and economic conditions that had been created for foreign businessmen and investors, and analyzed the mutually advantageous ties being established with foreign partners. During the conference there was no need to appeal to the businessmen of Colorado to take part in the joint activity or to give examples of cooperation that was mutually advantageous. The conference participants had the opportunity to touch with their own hands the first 99.99-assay ingot that had been cast at the "Zarafshan-Nyumont" joint venture. The president wanted to say that it is difficult to surprise the Americans with advertising or figures. However, facts are stubborn things and it is difficult to avoid them. On 28 June Islam Karimov visited the headquarters of the Newmont Mining Corporation and met with its president, R. Cambry. As a result of the meeting, an agreement was signed between the RU [Republic of

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Uzbekistan] State Committee on Geology and Mineral Resources and the Newmont Mining Corporation, concerning the creation of joint ventures for prospecting for gold deposits. Another document that was signed was a trilateral agreement among the Uzbekistan State Committee on Geology and Mineral Resources, Newmont Mining Corporation, and the Mitsui Corporation, concerning the joint exploitation of gold-bearing mines.

Thus it happened that on the map of cooperation, or, to use the figurative expression of Ambassador S. Escudero, on the vast expanses of the Great Silk Route, two more cities have appeared — Houston and Denver.

There was a time when, in connection with the opening of the inexpensive maritime route, the shipping of cargo from the European countries to the Asian continent began to be carried out by sea and the Great Silk Route proved to be forgotten. In the future the Great Silk Route will act not as a rival, but, on the contrary, it will be revived, in order to give the Central Asian countries the possibility of gaining access to the sea.

It will not be a mistake if we say that the most frequently phrase used during the week-long visit of the president of Uzbekistan to the United States was "strategic cooperation," and that that phrase contains in fullest concentration the meaning of that visit.

Islam Karimov stated that the gates of the Uzbekistan economy are wide open to allow the free entry of American business and investments into that economy, and that there are no obstacles on that path.

He noted that American-Uzbek relations will develop in accordance with the principle "Less bureaucracy and more progress."

During our time it is impossible to imagine the economy and security apart from each other. In this sense the participation of the president of Uzbekistan, who profoundly senses the interrelationship between the essence of peace and business, in the summit meeting of the heads of state and the heads of government of the member countries of the European Union that was held in Florence, as well as his trip to the United States of America, were a historic event on the path of the strengthening of the Uzbek state system and the development of the economy.

Speaking about the results ofthe visit by the President of Uzbekistan Islam Karimov to the United States of America, one involuntarily turns his attention to the following aspects of strategic partnership:

First, the political base was laid for developing relations between Uzbekistan and the United States. There is no doubt that Islam Karimov's meeting with Bill Clinton will have an effect not only the development of events in Uzbekistan, but also in Central Asia as a whole, and will be the impetus for resolving the problems that have come to a head.

Secondly, the road has been opened up for the free entry of American business and investments into the Uzbekistan economy. Not a single other country in the world has been so thoroughly acquainted with the economic capabilities of our republic and with its rich natural resources.

Thirdly, this promoted a situation in which the American businessmen who are cooperating or who want to cooperate with Uzbekistan have overcome the shortage of information concerning the socioeconomic situation in the republic, its economic potential, and the conditions that were created for foreign investments and that are the motivating force of the economy.

Fourthly, the establishment of strategic cooperation with us can be profitable not only for businessmen, but can also serve as a guarantee for assuring national security. Because wherever there is economic cooperation, there is also interest. And wherever there is interest, it becomes necessary to protect it and to guarantee security.

Much more will be written about Islam Karimov's visit to the United States and various views will be expressed concerning it, but there is no doubt that that visit has become the first stone in the foundation of the strategic relations that are forming between Uzbekistan and the United States.

Uzbekistan: Uzbek Economic Conference Held in Germany

964F2849A Tashkent NARODNOYE SLOVO in Russian 24 Jun 96 pp 1-2

[Article by M. Khazratkulov under "Frankfurt Conference" rubric: "Uzbekistan in a New Stage of Progress"]

[FBIS Translated Text] Tashkent-Frankfurt-Tashkent—"Days of the economy of Uzbekistan in Germany"—that is what they called the international conference that took place on the 18th and 19th of June in Frankfurt. Its organizers were the State Committee for the Management of State Property and Support of Entrepreneurship of the Republic of Uzbekistan, the Germany-Central Asia Society, Deutsche Bank, the city council of Frankfurt on the Main, and the Embassy of Uzbekistan in the Federal Republic of Germany. This proposal was approved by the Government of the Republic of Uzbekistan. The primary objective of the holding of this international conference was to demonstrate the successes of Uzbekistan achieved in the years of its independence, to speak about the course of

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economic reforms, to even further expand, deepen, and activate cooperation with entrepreneurs of Germany, and also to increase the flow of foreign investors to our country for their participation in the development of the republic's economy.

To what degree were these goals reached? Let us say right away that the international conference exceeded all expectations, that is, its main objectives were achieved in full. I as a participant in the action under discussion became convinced of this. More than that, I can now say with confidence that it is necessary to hold such conferences in other countries. Our republic already has has pertinent experience in this connection. Thus, in October 1995, an analogous action was carried out in the Swiss city of Geneva and it also had a great effect. In short, life itself shows that the continuation of this tradition is important in raising the international authority of our republic, in attacting foreign investors, in the introduction of up-to-date advance technologies to different branches of the national economy of the country, in the establishment of joint enterprises, and in the activation of cooperation with foreign enterprises.

The Frankfurt conference differed somewhat from customary forums. The representatives of our country who participated in it, the deputy prime ministers of the Republic of Uzbekistan Viktor Chzhen and Mirabror Usmanov and the leaders of a number of ministries, committees, concerns, corporations, banks, and exchanges dedicated time not only to meetings and consultation. Rather on the contrary, they involved themselves more with practical work and the holding of business meetings. Specialists from every branch carried on a construction dialogue with their German colleagues and outlined measures for the realization of specific tasks. The result was the signing of dozens of agreements on cooperation. Here it is appropriate to make special note of cooperative agreements with a number of German firms and companies that were concluded by Minister of Communications of Uzbekistan T. Rakhimov, the chairmen of the associations "Uzmevisabzavotuzumsanoat" and "Ozik-ovkat sanoati" B. Nasyrov and A. Kasymkhodzhayev, the first deputy chairmen of the association "Uzkimesanoat" and the national company "Uzbekturizm" A. Boznenko and N. Abdulayev, and the heads of other organizations. There is no doubt that the increasing cooperation of our country with different firms and companies and the new signed documents will give fruitful results and will contribute to the further expansion of business ties and the involvement of German businessmen in the development of the republic's economy.

The work of the members of the delegation of Uzbekistan began upon their arrival at the Frankfurt airport. A group headed by the leader of the delegation, Chairman of the State Committee for the Management of Property V. Chzhen, flew to the city of Magdeburg, where they acquainted themselves with the work of the firm "Sket" and came to an agreement on cooperation with it.

The meeting of the delegation of Ukraine with the chief mayor of the city of Frankfurt, Ms P. Pot, was especially cordial and in the course of that meeting the head of the delegation V. Chzhen talked briefly about the reforms that are being carried out in our country. Ms P. Pot expressed satisfaction with the fact that the leadership of Uzbekistan had decided to open the trade institute "Uzbek savdo uyi" precisely in Frankfurt.

The members of the delegation looked over the building intended for "Yzbek savdo uyi." It is noteworthy that it is located next to a house in which the great German poet Goethe lived.

A meeting held at the German Society for Technical Cooperation is memorable for its openness and the richness of its unusual ideas. Mr Dicke, the director of this organization, and Mr Kadel, the representative of the German Ministry for Economic Progress and Cooperation, spoke of the cooperation of this organization with Uzbekistan and of its prospects. Supporting these ties, V. Chzhen made special note of the fact that several projects proposed by this organization are of a long-term nature and that today it is impossible to say that all of them work completely.

"Today's Uzbekistan greatly differs from the Uzbekistan of 1991 and even of 1993," said V. Chzhen, "for the importance of our successes achieved in the five years of our independence may be equated to events taking place over decades and possibly centuries. The technology now in use in enterprises of Uzbekistan, the forms of ownership, and the intellectual potential of the country are completely different today and cannot be compared even with what there was three or four years ago. At the same time that many countries in the post-Soviet space are still considering what path to take in the implementation of reforms, Uzbekistan has gone to the next stage of reforms. This is a result of the fact that in the first days of independence President Islam Karimov clearly defined the basic principles of the country's development. Uzbekistan has its own model for the realization of reforms and the determination of progress. And today life itself has shown the correctness of the chosen path. The world public has seen and recognized this. Hence our foreign partners, including the Germans, must consider this point of view in their relations with us."

It will not be an exaggeration to say that Deutsche Bank occupies a special place in the cooperation be-

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tween Uzbekistan and Germany. As early as 1992, the National Bank of Uzbekistan for foreign economic affairs established correspondent relations with it. At the present time, Deutsche Bank is the main clearing center for payments of the National Bank in German marks.

Deutsche Bank opened a representation in Uzbekistan on 7 September 1993. Since that time, several staff members of National Bank of Uzbekistan have gained practical experience at Deutsche Bank. At the present time, a number of ministries, organizations, and departments of our country are carrying out dozens of projects together with it.

It should be said that Deutsche Bank is one of the largest banks not only in Germany but also in the entire world. It was founded in 1879 and today it occupies first place in Germany and 13th place in the world in terms of its capital volume. Take a look at the following figures: for 1995, the capital of the bank amounted to $19.6 billion and the profit was $1.47 billion. The bank has 2,100 branches and representations, of which 400 are in foreign countries. The bank has 74,000 employees and serves 8 million clients.

This was the topic of discussion during the meeting of the delegation of Uzbekistan with the managers of Deutsche Bank. As an example of the cooperation of this bank with the National Bank of Uzbekistan, one can name the joint issue of the "Business Guide to Uzbekistan." This publication was presented in the course of the conference. It begins with an article by President of Uzbekistan Islam Karimov. There was a press conference at the conclusion of the presentation. Correspondents of the German mass media asked the representatives of our republic several questions. In particular, in response to the question from a correspondent from the Deutsche Welle radio about the reasons for such great interest of foreign investors in Uzbekistan, V. Chzhen answered that the main reasons are the following: the political stability of our country; the ability to see clear development prospects; the good investment climate and the legislative base; the minerals and raw materials; the guarantees for successful cooperation, financial guarantees in particular; and the availability of skilled personnel.

The international conference on the theme "Days of the Economy of Uzbekistan in Germany" opened in the meeting hall in the city council building of the city of Frankfurt on the Main. It was conducted by Mr Rosen, director of the German Securities Institute. G. Krupp, a member of the board of Deutsche Bank, spoke there. He talked about the stability of the situation in Uzbekistan and about the gradual but intensive execution of reforms, which is an important factor in cooperation. We know very well, he said, that the primary goal of President Islam Karimov is to raise the well-being of the people and to include Uzbekistan among the highly developed countries of the world.

Yzbekistan has all the conditions for the work of foreign investors. The most important thing is that a strong legal basis has been established.

Those who have decided to cooperate with Uzbek enterprises have no need to be worried, for these are dependable partners who are true to their word. They will not permit delays or the failure to repay credits. And this is a very important factor in cooperation, Mr G. Krupp stressed.

The participants in the conference were very interested in the report of Viktor Chzhen. On the basis of specific facts, figures, and examples, the speaker outlined the basic directions of the economic reforms in Uzbekistan.

"When Uzbekistan achieved its independence in 1991, we did not have private ownership," the speaker said. "We have now denationalized 70 percent of the enterprises, where 65 percent of the able-bodied population works. As a result of the change in the form of ownership, more than a million people have privatized their apartments. Almost 2 million representatives of labor collectives have become stockholders. Three million families have received their own private plots with a total land area of 550,000 hectares. And 200,000 hectares have been allocated to farmers. Tens of thousands of private and small enterprises are in operation at the present time."

A further stage of will include the following basic components:

—large-scale privatization with the participation in it of broad strata of the population and restructuring of enterprises;

—accelerated development of a securities market;

—support of enterprises after privatization;

—development of small and medium-sized enterprises;

—establishment of a class of owners;

—involvement of foreign investors.

The speaker described in detail questions in Uzbek-German cooperation and spoke about its fruitfulness. He noted that an important factor in this was that of the visits of President Islam Kalimov in Germany in 1993 and 1995 and the visit of Federal President of Germany R. Herzog in Uzbekistan. There are now 58 joint enterprises operating in the republic that were established together with German partners. They are working most

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fruitfully in the areas of industrial production, trade, public catering, public health, science, culture, and other branches. Here it is appropriate to make special note of the activity of such large firms as Mercedes, Salamander, Alcatel, and others.

The report of Rustam Azimov, chairman of the board of the National Bank of Uzbekistan, on the investment possibilities and financial infrastructure of the Republic of Uzbekistan was also heard very attentively. Also speaking at the conference were F. Maksudov, general director of the Agency for Foreign Investments of Uzbekistan; R. Lukas, adviser on the countries of the CIS of the German Federal Ministry for Economics; and representatives of the firms and companies Fresenius, Degussa, Fortstreet, Lurgi, and others.

I was pleased to see in the course of the work of the conference how its participants are becoming more interested in Uzbekistan and the growing number of those wishing to cooperate with our country. Two hundred people were invited to this action. But the number of those wishing to participate doubled by the time it began its work. Participating in this conference were not only representatives of German business circles but also their colleagues from England, Holland, and a number of other countries. They listened with great interest to the opinions on our land and sought to get to know the representatives of Uzbekistan and to establish business ties. This shows once again that our republic has opened itself to the world and that the world wants to work together with Uzbekistan.

Everyone was very interested in the exhibition organized here, whose exhibits told of the life of Uzbekistan. In an instant they passed out booklets, periodicals, books, and posters with information on different branches of the economy and culture of our country.

At the conclusion of the conference, its participants went over to Kaiser Hall of the city council. There they presented the book "Islam Karimov—President of the New Uzbekistan." V. Chzhen told about this book.

The book was written by professors L. Levitin and D. Carlisle in the American city of Boston. But these scientists have the same opinion of the reforms being carried out in Uzbekistan and of the courageous and self-sacrificing work of President Islam Karimov. And it was precisely for this reason that they decided to write this book together. L. Levitin speakes about this in detail in the foreword to the book.

Also participating in the conference, presentation, and other measures were M. Usmanov, deputy prime minister of the republic, and A. Shaykhov, extraordinary and plenipotentiary ambassador of Uzbekistan to the FRG.

This action, full of business meetings and dialogue, was a kind of presentation of the successes that our country has achieved over the last five years and also of the plans and programs for the near future. At the same time, it was still another appeal to foreign and, in particular, German entrepreneurs to engage in mutually advantageous cooperation. Accordingly, such actions need to be carried out more often. For every large deal or large-scale cooperation begins with dialogue and an exchange of opinions. The work done in the course of the meetings is being analyzed, shortcomings are being revealed, the results are being summarized, and ways are being determined for future cooperation. Thus, a step is being taken toward a new stage of development. In this connection, the Frankfurt conference was also an event of great importance.

Uzbekistan: Decree Issued To Tighten Money Supply

964F2947A Tashkent PRAVDA VOSTOKA in Russian 4 Jul 96 p 1

[Text of Decree of the Cabinet of Ministers of the Republic of Uzbekistan "On Measures To Reduce the Emission of Cash Money"]

[FBIS Translated Text] In order to reduce the level of emission of cash money and increase the accountability of managers and officials for the state of monetary circulation in the Republic's regions the Cabinet of Ministers **decrees**.

1. Agreement will be reached between the forecast of reduction in the level of emission of cash money and the cash plan for the second half of 1996 in a breakdown for the Republic of Karakalpakstan, the oblasts, cities, and rayons.

2. The Uzbeksavdo Association, Uzbytsoyuz, Uzbekbirlashuv, the Uzavtotrans Corporation, the Ministry of Communications, the Ministry of Municipal Services, the Tashgorpasstrans Association, and other ministries and departments of the Republic of Uzbekistan which render paid services to the population, along with the "khokimiyat's" [administrations] in the local areas, will take concrete steps to expand the sphere of services, practice more broadly the forms of material accountability and encouragement of officials and specialists to ensure fulfillment of cash plans, and review the state of affairs monthly at sessions of their collegial organs.

The executives of the complexes of the Cabinet of Ministers will ensure effective monitoring of realization of this point.

3. The State Tax Committee of the Republic of Uzbekistan and bank institutions will strengthen monitoring of

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compliance with the procedures, ratified by the board of the Central Bank on 20 April 1996 as Document No 9, by which economic subjects, regardless of form of ownership, carry on cash transactions.

The Procuracy of the Republic of Uzbekistan (B. Mustafayev) will, upon establishing that violations of the existing procedure have occurred, ensure application of Articles 175 and 264 of the Code of Administration Accountability of the Republic of Uzbekistan to the guilty managers of economic subjects.

4. The statute increasing the accountability of managers and officials and encouraging them to fulfill forecasts of reduction in the level of emission of cash money and cash plans in the Republic's regions is ratified according to the appendix.

The deputy prime ministers, the Central Bank, State Tax Committee of the Republic of Uzbekistan, the heads of commercial banks, the chairman of the Council of Ministers of the Republic of Karakalpakstan, and the "khokim's" [heads] of the oblasts and the city of Tashkent, in conformity with this provision, will bring officials who do not ensure fulfillment of the forecast of reduction in the level of emission of cash money and cash plans to accountability. Systematic checks on this will be established.

5. The republic commission on money and credit policy will review fulfillment of the points of the present decree based on the results of each month and make appropriate proposals. Personal control is assigned to deputy prime minister and finance minister B. Khamidov and to F. Mulladzhanov, chairman of the board of the Central Bank.

6. Control over fulfillment of the present decree is assigned to prime minister of the Republic of Uzbekistan U. T. Sultanov.

Chairman of the Cabinet of Ministers I. Karimov

City of Tashkent 2 July 1996

Uzbekistan: Committee Created To Dismantle Monopolies

964F2851A Tashkent NARODNOYE SLOVO in Russian 27 Jun 96 p 2

[Interview with R.T. Rakhimdzhanov, chairman of the Committee for Demonopolization and Development of Competition, by V. Rudakova under "In the Course of Reforms" rubric: "A Legacy That We Are Overcoming"]

[FBIS Translated Text] **It can be expressed by one concept—monopolism. Many of us have repeatedly encountered its most static manifestations in the form of unmarketable goods, uncompetitive output, and so on. Natural competition between commodity producers under the principle of "the strong, resolute, and skillful are victorious" and the concommitant progress of the productive forces of the society—this is the economic model to which the Republic of Uzbekistan is now striving.**

This idea is expressed in the form of the law "On the Limitation of Monopoly Activity" from 1992 and a Main Directorate for Demonopolization and Development of Competition functions for its accomplishment in the Ministry of Finance. The state has now gone further and by edict of the president from 15 May of this year a Committee for Demonopolization and Development of Competition has been established under the Ministry of Finance for administration.

R.T. Rakhimdzhanov, chairman of this committee, answers the questions of our correspondent

[Rudakova] Rashid Tukhtayevich, today the state and its individual citizens are experiencing a difficult time. And the faster that the class of new owners enters the economic arena—and precisely this is the aim of the state's policy—the sooner will end the period that is customarily called transitional. And the establishment of the structure that you head must stimulate this process. Is it not so?

[Rakhimdzhanov] Certainly. One of the basic principles of the economic reforms in the republic put forward by the president of our country, I.A. Karimov, is that the state is the main reformer. The changeover to market relations in the economy must be accompanied by measures to stimulate competition and to develop entrepreneurship. The law "On the Limitation of Monopoly Activity" clearly specifies a complex of measures in relation to economic subjects and their associations and administrative bodies, which may hinder the develop of competition through their actions or inaction.

Our committee, being a state administrative body, must implement the requirements of the law in the abovementioned areas.

Under the conditions in which a nonstate sector of the economy is actively being formed on the basis of the privatization of state facilities and the establishment and development of entrepreneurial structures, an urgent task is that of protecting the rights of consumers. This must be accomplished by the corresponding law passed at the April session of the Oliy Mazhlis.

[Rudakova] In other words, the establishment of the conditions for free competition and the protection of

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the rights of consumers are the two basic functions of the newly established committee?

[Rakhimdzhanov] The sphere of our activity is somewhat broader than that. Of course it involves state control of the observance of the named laws, the adoption of measures to end unfair competition leading to an infringement of the interests of consumers, and the development and realization of branch and regional demonopolization programs. The committee and the State Committee for the Management of Property have already begun work on the elaboration of a unified methodological approach to the establishment of a competitive environment in commodity and financial markets.

In addition, it is necessary to put in order a process for the establishment and work of associations, concerns, and other firms, to develop a methodological base for a policy on competition, and to monitor the observance of antimonopoloy requirements in the establishment of financial-industrial groups of holding companies. The maintenance of a State Register of monopolistic enterprises is likewise a mechanism for the prevention and termination of monopolistic practices.

The committee has been given certain rights for the accomplishment of all of these tasks. It can issue instructions on the cessation of violations and rescind decisions of administrative bodies made in violation of antimonopoly legislation.

For the failure to execute or for the untimely execution of instructions on the cessation of violations of the requirements of the law, the committee has the right to impose fines on economic entities, on officials of bodies of state authority and administration, and on economic subjects and to confiscate to the price-regulation fund unjustified profit as a result of the violation of the procedures for the declaration of prices and rates.

Naturally we will cooperate closely in this work with the Ministry of Finance, for it retains responsibility for the execution of policy in the area of price setting.

[Rudakova] Can it be said that the population of the republic has received a serious state structure that is guarding its interests?

[Rakhimdzhanov] Yes, it is precisely so. For in creating a competitive environment, we are increasing the number of producers in the market, whereby they are of the most diverse forms of ownership. And a basis for its formation in the country has already been established in the last three years in the course of the realization of the state program of privatization. The development of entrepreneurship also provides for a competitive environment. As you know, favorable conditions for the rise and functioning of entrepreneurial structures were created by presidential edicts in 1994 and 1995. The procedure for their formation and registration was simplified and a favorable tax climate was established. As a result, the years 1995 and 1996 may be considered a period in which enterpreneurial structures began to grow. All of this established important preconditions for the rise of competition, the primary engine of the development of the market, the increase in the volumes of production, and the lowering of prices.

[Rudakova] What does your committee's program of action involve?

[Rakhimdzhanov] The demonopolization of the economy is one of the main directions of the work of the committee and it provides for the elaboration of the corresponding branch and regional programs.

The main tasks of the demonopolization program must be:

—the deconcentration of individual production systems;

—the breaking up of associations of enterprises that are hindering the development of competition in the corresponding commodity markets;

—the reduction or elimination of economic, legal, informational, and organizational barriers to the access of new economic subjects to markets;

—the elaboration of normative acts for the development and realization of branch and regional demonopolization programs.

We began with the study of the branches where it is necessary to take measures to encourage a competitive environment and to limit monopolism. In the initial stage, this includes transportation, wholesale trade, and capital construction. If an enterprises holds a dominant position in a market, it may dictate prices without increasing its volume of production or improving the quality of its output. A limiting framework is necessary for such production.

It is established by declaring maximum price levels or maximum profitability. In so doing, consideration is given to economically justifiable expenditures and to the necessary amount of profit for the development of the enterprise.

At the beginning of this year, the republic had more than 900 monopolistic enterprises. But this figure is not constant. Today, let us say, an economic subject enters the state register as a monopolist but tomorrow, with the appearance of the analogous production, it ceases to be such.

The area of our committee's control also includes joint-stock companies established on the basis of state

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enterprises. In accordance with the law "On Securities and a Stock Exchange," 35 percent or more of the shares can be be acquired only with the consent of the committee. This is done for the purpose of preventing the rise of new monopolists in the commodity market.

Branch administrative bodies in the republic are actively being transformed—holding companies, financial-industrial groups, and so on are being established. In creating such structures, it is also necessary to observe the law "On the Limitation of Monopoly Activity" and to fulfill the requirements establishing the conditions for competition. In the statute on our committee, it is written: "achieve preliminary control of the establishment, merger, and annexation of associations, alliances, concerns, financial-industrial groups, holding companies, and interbranch, regional, and other associations of enterprises...."

A separate block of questions concerns the rights of consumers. In the law "On the Protection of the Rights of Consumers," there is a special article providing for the rights and obligations of our body. And it states: "...The committee exercises state control of the observance of legislation on the protection of the rights of consumers, gives official interpretations on questions concerning the observance of legislation on the protection of consumer rights, and issues instructions to manufacturers on the elimination of defects that violate these rights."

This is a very important law under the conditions in which there are producers with different forms of ownership. They must work on the basis of uniform rules and must not infringe on the rights of consumers. Producers as well as agents must be subject to uniform rules of the game under the conditions of the market. It is quite important that these matters are linked with a policy of social protection of the population.

The law also specifies other bodies that must exercise control of the observance of consumer rights. They are Uzgosstandart, the Ministry of Health, the State Committee for Architecture and Construction, the State Committee for Preservation of Nature, and other organizations.

Our committee will interact with them. The analysis of the production market and the provision of services will also require close interaction with the State Committee for Forecasts and Statistics, which will make it possible to ascertain and analyze the activity of monopoly structures.

The practical work of the committee began with the formation of the structure of the potential staff. We are establishing territorial administrations in all regions under the Ministry of Finance of the Republic of Karakalpakstan, oblast financial administrations, and the financial administration of the city of Tashkent. Our inspectors will work in the cities and rayons under the corresponding finance departments of the khokimiyaty.

Uzbekistan: Capabilities of Tashkent Airport

964F2993A Tashkent PRAVDA VOSTOKA in Russian 9 Jul 96 p 2

[Interview with Mirzaanvar Vakhabov, by PRAVDA VOSTOKA general correspondent Arkadiy Grinkevich, under rubric "Pertinent interview": "'Toshkent' Airport: A Strong Support for the Air Bridge"]

[FBIS Translated Text] **Regular passenger and freight shipments depart from the "Toshkent" airport, with destinations in almost 20 countries of the far abroad. Air bridges have been lid to Germany, England, India, the United Arab Emirates, Pakistan, China, Thailand, Saudi Arabia, Malaysia, Singapore, South Korea... There have been flights to New York, Rome, Cairo, and Ho Chi Minh. The leadership of the "Uzbekiston Khavo Yullari" air company is conducting negotiations concerning regular flights to Japan. In 1995 alone, more than a million persons used the air company's services on the international lines of the "Toshkent" airport, according to airport director Mirzaanvar Vakhabov.**

Return to the "Gabriel" system makes it possible to prepare schedules with a consideration of the shipment of through-flight passengers in cooperation with other companies. Obviously, for the successful execution of such a vast program of international hauls, the air company leadership is working on the question of purchasing new types of aircraft, such as the IL-96 supergiant.

The passenger flow has been growing. This increases the number of problems. Numerous services in the vast air complex are working strenuously to improve the service in the air and on the ground.

[Grinkevich] Mirzaanvar Vakhabovich, the services provided do not always meet the international requirements. What is being planned to improve the services provided to the passengers?

[Vakhabov] The Tashkent air center was activated in 1967. The ground services that were formed at that time have not been able to keep up with the growth rates of air technology or the volume of passenger hauls. The gap between "land" and "sky" is becoming larger and larger. The absence of the conditions when passengers are waiting for takeoff on local air lines, the inconveniences during the check-in and baggage-inspection

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procedures, and the obsolete forms of providing information — all these factors have dictated the need for changes.

Jointly with the leadership of the "Uzbekiston Khavo Yullari" air company, we have developed a program and the basic areas for remodeling "Toshkent." The decision was made to expand the air terminal for central air communications and the airport's international department. Production orders for modern equipment have been issued to civil-aviation plants and to foreign firms.

We are striving to review a large number of services for the passengers. There have been no problems with the handling of documentation for the baggage: it not only takes just a few minutes to accept it, but it can also be insured, at the passenger's discretion. The baggage handlers use the German-produced DCS automated system, with the aid of which a through-flight passenger from Tashkent can fly to any city in the world, for example, to New York or Cairo. The workers can help to do this by ordering a ticket in Frankfurt-am-Main. The first passengers to use this service were those on the comfortable A-310 air liner, and then those flying on the IL-86, IL-62, and TU-154. The computer brains of the DCS are in Atlanta, where the checking-in is also controlled. We were the first airport in Central Asia and the second in the CIS to use an automated system for checking in passengers and baggage.

There has been a considerable increase in the conveniences for the passengers and the flight-support personnel in the through-flight waiting room. The upholstered seats have been completely renewed, and the metal booths for the cashiers have been replaced by compact self-service facilities. An escalator is in operation. A prayer room has been opened. The restaurant and market have been reequipped in the national style. A duty-free shop has been opened.

[Grinkevich] What changes have been made in serving the commuter lines?

[Vakhabov] The waiting room is being remodeled, and soon we shall open an additional one with a snack bar, shops, and convenient places to rest. The workers who serve the international lines and the customs officials will get spacious accommodations.

Imported equipment for examining baggage has been installed in the baggage section, and this will save the passenger's time when claiming it.

[Grinkevich] The need to modernize the entire air-terminal complex was obvious long ago...

[Vakhabov] Thanks to an intergovernmental agreement between Uzbekistan and Germany, measures have been developed to modernize it in stages, and the providing of credit has been opened.

The airport has two runways. One of them, the South runway, which was built approximately 30 years ago, was operated almost not at all. The entire load was put on the North runway, which has been partially repaired. As a result, neither runway met the requirements of the ICAO standards. With the aid of the KOCKS and STRABAG German firms, work on the South runway was completed in record time, and it will open up within a few days, receiving and dispatching all types of aircraft, and in all kinds of weather. For that purpose we have installed the latest radio navigational equipment and a signal-light system for aircraft landings.

With the aid of the "Thompson-CSF" and "Chambonne" French firms, the construction of the Air Traffic Control Center is proceeding at full speed. Soon the specialists will begin to install the equipment.

Our dispatchers will be able to control flights completely in the air space over Uzbekistan.

[Grinkevich] Mirzaanvar Vakhabovich, the readers of PRAVDA VOSTOKA would be interested in any changes in the accommodations in the central air terminal and the local air lines.

[Vakhabov] The building for the local air lines will be transformed. All the conditions for providing rapid and efficient services to the passengers will be created there. In July-August the second stage of the remodeling will begin. It will deal with the basic building in the air-terminal complex, the accumulator. The "Bratesh Aerospeys" [aerospace] firm is working on that project.

After the remodeling of the runways and the two air terminals, and the turning over for operation of the Air Traffic Control Center, "Toshkent" will meet international standards. The airport will be able to serve more than 2.5 million passengers annually, and will provide for the hauling of 20,500 tons of freight and 1250 tons of mail.

[Grinkevich] By a decree of the Cabinet of Ministers of the Republic of Uzbekistan, "Toshkent" has been given the status of a state enterprise as part of an air company. Can you explain what that means?

[Vakhabov] The final goal is to give more independence to the services, shops, and sectors, and to increase the workers' material self-interest. We are reviewing the structure of the services, and we plan to form economically independent small and private sectors that will subsequently be turned into joint-stock companies.

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[[Grinkevich] A problem that continues to be acute is the problem of the intactness of the baggage being shipped...

[Vakhabov] The decision has been made to remodel the warehouses and territories for the mail and freight service. We have changed the operating conditions for the baggage handlers, the person who accepts and hands over the freight, the shift chief... Their wages are low, and hence there is a high turnover rate. The loading and unloading transportation is obsolete. We shall partially renew it this year.

[Grinkevich] Finally, I would like to know what overnight accommodations there are at the airport.

[Vakhabov] The Kosmos Hotel has been transferred to the flight complex. The Dustlik Hotel in the center of the capital is being remodeled for passengers. In August the repair of the dormitory on the airport grounds will be completed, and some of the accommodations there will be made available for passengers who are detained because of flight rerouting or cancellation.

Instead of an Epilogue

Tashkent is very alluring. A very large number of people choose the "air gateway" to come here. It is regrettable that the first impression one gets when meeting the capital is the large number of street vendors who have occupied all the approaches to the air terminal, who leave piles of rubbish behind them. Construction workers are not hurrying to fill in the tremendous trench that is a hindrance for people hurrying to check in. A large number of complaints have also been made concerning the Civic Improvement Department of the Sergeliyskiy Rayon *khokimiyat*. "Toshkent" workers are also displeased with the bus communication. It shuts down at 2000 hours, and yet the airport workers have to work around the clock!

The air gateway of the capital of Uzbekistan should become even more attractive after its renovation.

Uzbekistan: Fergana Oil Refinery Project Outlined

964F2820A Tashkent PRAVDA VOSTOKA in Russian 18 Jun 96 p 1

[Interview with Hide-Hiko Iwadare, coordinator of the project to reconstruct the Fergana Oil Refinery, from the Japanese firm Mitsui and Company, Limited, conducted by Igor Shvartsman: "Turnkey"; date and place not given]

[FBIS Translated Text] **Major reconstruction is beginning at the Fergana Oil Refinery of the GPO [state production association] Uzneftepererabotka [Uzbek Oil Refining]. This enterprise runs millions of tonnes of crude oil through its installations and produces 45 types of petroleum products for the needs of all Central Asia. PRAVDA VOSTOKA asked the coordinator of the project from the Japanese firm Mitsui and Company, Limited, Hide-Hiko Iwadare, to tell about its forthcoming reconstruction.**

[Shvartsman] Esteemed Iwadare-san, the problems of energy media are important to any country, and even more for Uzbekistan because we have now switched from imported raw materials to our own. Exactly why has your firm undertaken to help us?

[Iwadare] The stable situation and progress in economic reforms attract Japanese business to Uzbekistan. The report on the opening of major oil and gas fields interested us too. We have major experience on this level. There are three major projects being implemented in Uzbekistan: aid in developing the Kokdumalakskiy Oil Field, construction of the Bukhara Oil Refinery, and the third—here in Fergana. The last project is especially dear to us because the Mitsui firm is the main contractor, while the president of the firm is Mr. Kumagai, the chairman of the Japanese-Uzbek Committee on Economic Cooperation.

[Shvartsman] Tell us in a few words what the essence of the Fergana project is.

[Iwadare] Forty percent of the Fergana Oil Refinery comprises diesel fuel. The primary raw material from the new Kokdumalakskiy Field contains a large quantity of sulfur—an undesirable component in this product. By international standards, there should be 0.1 percent sulfur in it. But in Japan, this figure has been lowered to 0.05 percent—there is nothing like it in the world. When we introduce a diesel fuel hydro-desulfuring facility here, the most developed countries will be glad to buy this product. Your country will have an important export item, one which will substantially boost Uzbekistan's economy.

[Shvartsman] But this construction project will hardly be cheap...

[Iwadare] Yes. The cost of the project is $200 million. But the Export-Import Bank of Japan and the European Bank for Reconstruction and Development will provide the capital for Uzbekistan on credit through our firm. After the contract is signed, an international tender will be announced to build the refinery. Our firm expects to start from nothing and complete construction in 2 years with the help of foreign suppliers and skilled engineers and installation workers, and in the process turn the refinery over to the Fergana people on a "turnkey" basis, that is to say, with equipment fully debugged and with training of local workers and specialists.

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[Shvartsman] And how will payment be set up?

[Iwadare] Under the contract, the first payment on the credit is supposed to be made half a year after the refinery is put into operation. Then payments will occur over the course of 8.5 years. We certainly think that the refinery will have completely paid for itself by that time. And a Japanese bank has set the lowest interest rate in the world. So this contract is very advantageous for Uzbekistan. The new construction site will also provide hundreds of new jobs and will familiarize the local population with the most contemporary technology.

Uzbekistan: New Rail Route in Southern Oblasts

964F2946A Tashkent NARODNOYE SLOVO in Russian 3 Jul 96 p 1

[Article by UzA correspondent A. Taypatov: "Railroad Being Built"]

[FBIS Translated Text] Among the thousands of large and small projects intended for various purposes, the construction of which was begun in the republic during the years of independence, one of the most important is the Guzar-Baysun-Kumkurgan Railroad, which has a length of 223 km. Its activation will make an important contribution to the further development of the Uzbekistan economy.

The rate of the operations on the sector of this main line that runs through Kashkadarya Oblast is discussed by Otaniyez Dzhumanazarov, the head of a group of experts from the oblast *khokimiyat*.

"By the end of the year it is planned to use million *sum* here, 100 million of which will be used for surveying and designing operations, and 200 million for the construction of a 108 km sector of railroad that runs through our oblast. At the present time the road bed is being constructed, and bridges and spur lines are being built. The people who are engaging in this are the collectives from Mobile Mechanized Column No. 4 of the 'Khisoraksuvkurilish' Trust; construction trains No. 305, 616, 401, and 702 of the 'Karshikurilish' Association; and other specialized organizations. Fifteen stations and 225 different construction items will be built on the stretch of the railroad between Guzar and Kumkurgan. After the end of the construction, more than a thousand new jobs will be created here."

The turning over of this railroad for operation is planned for the year 2000. After it is activated there will be new opportunities for the further economic and social development of Kashkadarya and Surkhandarya oblasts, which are rich in natural resources.

Uzbekistan: Bukhara Oblast Defense Chief on Draft

964F2828A Tashkent VATANPARVAR in Russian 14 May 96 p 3

[Interview with Colonel Ismat Sunatovich Kudratov, Bukhara Oblast Defense Administration chief, by VATANPARVAR correspondent; date and place not given: "The Bukhara Conscripts Will Not Let Us Down"]

[FBIS Translated Text] **When the articles for this section were being chosen, a VATANPARVAR correspondent went to see Colonel Ismat Sunatovich Kudratov, the head of the Bukhara Oblast Administration for Defense Affairs, and asked him to answer a few questions.**

[VATANPARVAR] Comrade Colonel, this is a crucial time for the Bukhara Oblast Defense Administration and its departments. The spring induction campaign is coming to an end. What can you tell us about the preparations for the campaign on the local level?

[Kudratov] I should begin by telling you that the advance preparations for the organization and management of the spring draft in all of the oblast's rayon and municipal defense departments began on schedule. Lists of potential conscripts were analyzed, induction centers were equipped for the campaign, and medical commissions were appointed for the physical examinations of conscripts.

To focus the attention of oblast residents on this important event, Conscription Day ceremonies were held in the rayons and cities, with the participation of war veterans, internationalist fighters, representatives of local government agencies and, of course, the conscripts themselves, accompanied by their parents and relatives.

In this context, I would like to commend the work of my subordinate officers, who include lieutenant-colonels V. Akhmedov, A. Korotkov, and V. Labuta, Major T. Napruzov, Senior Lieutenant Yu. Salimov, and many others.

[VATANPARVAR] You already know the preliminary results of the campaign in the rayons. What can you tell us about them?

[Kudratov] The oblast supervisory medical commission traveled to the rayons for on-site examinations.

The start of the conscription campaign was marked by some common problems. Some of the necessary medical documents were missing from the personal files of conscripts, and this complicated competent decisions on the fitness of conscripts for military service.

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Rayon and municipal defense departments had to completely exclude the possibility of even isolated cases of the mistaken induction of individuals unfit for military service for medical reasons. In this context, I should commend the work of the officers and employees of the Gizhduvanskiy Rayon Defense Department, headed by Lieutenant Colonel B. Akhmedov, and the defense department of Alatskiy Rayon, headed by Major T. Napruzov.

We are fully confident that the concerted efforts of defense departments and public health agencies will allow us to complete the spring draft campaign with a high performance rating.

[VATANPARVAR] Comrade Colonel, specialists are trained in the oblast for the Armed Forces of the Uzbekistan Republic. What can you tell us about the present state of this training?

[Kudratov] Drivers for the armed forces are being trained in the academic organizations of the "Vatanparvar" Defense Support Organization in the oblast. At this time all of the drivers of induction age have completed their training and are scheduled for physical examinations.

Drivers trained in Bukhara Oblast get high performance ratings from the commanding officers of their military units. We are certain that the new conscripts will perform their important duties just as admirably as their older brothers did when they served in the national armed forces.

Uzbekistan: Local Official Discusses Antidrug Campaign

964F2850A Tashkent PRAVDA VOSTOKA in Russian 26 Jun 96 p 2

[Interview with Alisher Rustamovich Mukhamedov, procurator of Urgutskiy Rayon of Samarkand Oblast, by Vladimir Karimov: "To Prevent Danger: Today Is the International Day of the Fight Against Drugs"]

[FBIS Translated Text] **There has been an increase in the production, sale, and distribution of narcotics in the world since the beginning of the 1970's. This calamity began to spread everywhere and in the last decade in the countries of Eastern Europe and the former USSR. Many think that this region is poorly protected and represents a convenient opening for drug dealers.**

Our correspondent Vladimir Kalimov talks about the problems in the fight against this social evil with Alisher Rustamovich Mukhamedov, procurator of Urgutskiy Rayon of Samarkand Oblast and junior adviser of justice.

[Kalimov] Much has been written about drug addiction in recent times. What is a narcotic and why is it such an attractive force and turning into a destructive habit?

[Mukhamedov] A narcotic, or a narcotic agent, as it is customarily called in our legislation, is a substance that alleviates suffering, elicits pleasant sensations, and creates an illusion of happiness but leads to physical and mental dependence and to real slavery. A drug addict is prepared to do anything to get the narcotic and this thought becomes insistent. In the opinion of specialists of the UN program for the control of narcotics, there is presently no medical cure for drug addiction. Only a lengthy and very costly medical and psychological treatment has a positive effect and that is for a certain small share of addicts who tenaciously desire to return to normal life in the society.

[Kalimov] Alisher Rustamovich, why do you not simply allow the free use of narcotics just as the smoking of cigarettes and the use of alcoholic beverages?

[Mukhamedov] Indeed, the idea of legaizing narcotics and renouncing punishment for their use is now becoming fashionable, especially in the West. In some countries that are putting these ideas into practice, we are observing a continual increase in the number of deaths from overdoses, the rise of social problems with which the society is unable to cope, and also the involvement of minors in drug use. A beginning drug addict is a potential criminal. He is prepared to engage in the most serious crimes to obtain the means to buy narcotics. Drug addicts using needles for intravenous use infect themselves and others with such diseases as viral hepatitis, AIDS, and others. It is therefore urgently necessary for the state to protect the society from the danger connected with drugs by adopting the appropriate laws.

[Karimov] What is the situation today with respect to the spread of narcotics?

[Mukhamedov] We have recently been observing an increase in drug addiction throughout the world. Drug dealers who obtain colossal profit from their dealing are interested in this. According to statistical data, the annual turnover of the narcotics business on a world scale is now $500 billion. Especially attractive for drug dealers are states that have recently taken the course of a market economy. The instability in some states of Central Asia and the unsteady economic situation serve as a favorable ground for the development of drug addiction and especially for the production of narcotics. This is helped by the climatic conditions for the growing of plants that yield narcotics. In some places, plantings of cannabis-hemp and opium poppy are expanding through the displacement of food crops, since the prices for them are not comparable.

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Whereas the so-called "Golden Triangle" came into being in the region of Southeast Asia and South America has its Medellin Cartel of drug barons that is infamous as producers of narcotics, in recent years, in the opinion of experts, there has been a tendency in the Central Asian region and adjoining states toward the formation of a "Golden Half Moon" (Afghanistan, Tajikistan, and other states of this region). The economy and banking system is also threatened. Large sellers of narcotics are trying to use the banks for money laundering and to invest in the economy of these poorly developed countries.

[Karimov] What measures are the states and world community taking to combat the spread of narcotics?

[Mukhamedov] In the first place, it is necessary to have a legislative basis for the fight against the illegal circulation of narcotics. Most of the prevailing laws in the countries of the former USSR do not meet the demands of the time and the narcotics trade is regulated on the basis of the principles of a state monopoly, which works more by virtue of the transition of these countries to a market economy. In the course of the fight against drug addiction, new forms of crime linked with narcotics were not considered. The laws of the former USSR did not meet the requirements of the International Convention on the fight against the illegal circulation of narcotics and psychotropic substances and other international agreements.

Uzbekistan was the first of the countries of the former Union to adopt a new Criminal Code, in which there is a special Chapter 19 on crimes having to do with the illegal turnover of narcotics and psychotropic substances. The cultivation, illegal possession, sale, manufacture, acquisition, or storage of narcotics or psychotropic substances as well as their introduction into use are subject to criminal prosecution. The punishment for this crime has been made more severe. Thus, in accordance with Article 272 of the Criminal Code of the Republic of Uzbekistan, imprisonment of 10 to 20 years or the death penalty is foreseen for the illegal sale of narcotics. Secondly, the fight against narcotics is inseparable from the resolution of economic questions. In so doing, the comprehensive development of agriculture and the economy as a whole is of fundamental importance.

Thirdly, it is necessary to propagandize extensively the idea of refraining from drugs and educate the rising generation in the spirit of the nonuse of narcotics.

To bring about the correct organization of the fight against narcotics, it is necessary to have an appropriate program and coordinating structures. This is the approach that is being implemented in Uzbekistan, where constant and unremitting attention is being paid to this problem at the state level.

It is extremely important that each state not be isolated in its fight against drug addiction but rather to act in close cooperation with the world community.

Uzbekistan was the organizer of an international conference in Tashkent on the 3rd and 4th of May of this year on cooperation in the area of the control of drugs, in which about 200 specialists from different countries and international organizations took part.

In his greeting to the participants in the conference, President Islam Karimov noted that the resolution of these acute problems requires coordinated action at the regional and global levels. We view the memorandum on mutual understanding that was adopted at the conference as a significant contribution to security and stability in the region.

[Karimov] Alisher Rustamovich, what are the law-enforcement agencies in Urgutskiy Rayon doing in the fight against this evil?

[Mukhamedov] The most important thing that I can responsibly say today is that thanks to the purposeful and painstaking work in Urgutskiy Rayon during many years by the khokimiyat, law-enforcement agencies, and public we have eliminated large-scale plantings of plants that yield narcotics. This was confirmed a few days ago by some helicopter inspection raids in a mountainous area of Urgutskiy Rayon, where previously there had been extensive plantings of cannabis and opium poppy. Statistically 195 plantings were discovered in 1994, 31 in 1995, and not a single one in 1996.

At the same time, we are concerned about the situation in bordering Pyandzhikentskiy Rayon of Tajikistan, where, according to the available information, there is widespread growing of narcotics. Considering that there is no guarded border, the narcotics are sent through Urgutskiy Rayon. This is shown by the following facts: whereas in 1994 three citizens of Tajikistan were arrested for the transit and sale [of narcotics], there were 12 in 1995 and four just in the first quarter of 1996.

As an example, I can present the criminal case examined by the Samarkand Oblast court, where I participated as the prosecutor of A., S., E., and M., three of whom are citizens of Tajikistan. These persons brought almost 200 kg of narcotics into the territory of Uzbekistan for the purpose of their sale but were arrested and brought to criminal justice. This is still another confirmation of the need for interaction of law-enforcement agencies on an international scale.

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